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WORLD NEWS

Albanian
refugees
reach Italy

Four western ships carried almost 4,500 Albanians into the Italian port of Brindisi yesterday, cheering and chanting as they celebrated escape from their hardline Marxist homeland.

The Albanians, mostly young, had spent up to two weeks packed into western embassies in Tirana, the capital, where they had taken shelter.

As the refugees left, Italy, France and West Germany temporarily closed their Albanian embassies, saying they needed to clean up after the exodus. Page 24

Indian ministers quit
Three ministers quit the Government of Indian Prime Minister V.P. Singh, throwing it into its deepest crisis since taking power last year. The Singh Government is in a minority in parliament.

Abducted girl found
Four-year-old Lindsay Rein, snatched three weeks ago from her London home, was found safe and well in Israel. Her father has been arrested there.

Romanians on the march
More than 20,000 Romanians marched through Bucharest chanting "freedom, freedom" in one of the biggest opposition protests since the December revolution. Page 2

Anglo-Irish talks
Differences remained unresolved after six hours of talks between Northern Ireland Secretary Peter Brooke and Gerry Collins, the Irish Foreign Minister. Their two countries are hoping to break the political deadlock over Northern Ireland. Page 4

Cameras for jets
Closed circuit cameras are to be fitted outside a British Airways Boeing 747 to see if they improve air safety. In the Kegworth disaster of January 1989, 47 people died when the air crew shut down a right engine when the left was on fire. Fan blades to be replaced after M1 airliner crash. Page 2

Coach crash
A 52-seat coach and a car towing a caravan collided on the A30 in south-west England. The coach passengers were unhurt but a family of four in the car were injured, one seriously.

Israel accuses Mengistu
Israel has accused Ethiopian leader Mengistu Hailemariam of denying about 10,000 Jews permission to leave his country. Jerusalem alleges Mengistu is holding the Jews to ransom in the hope of extorting Israeli military aid.

Fined for pollution
Yorkshire Water Services, a north of England water company, was fined the maximum penalty of £4,000 after admitting it wiped out all fish along a trout stream by polluting the water with ferric sulphate.

IRA suspects face trial
Two suspected IRA members, Terence Gerard McGeough and Gerard Thomas Hanratty, both 31, will stand trial in West Germany next month on charges of attempted murder. They are accused of bomb attacks on two British Army bases.

Businessman kidnapped
Gunnar in Rio de Janeiro seized West German businessman Wolfgang Rudolf Prinz as he was on his way to his office. Brazilian police said.

BUSINESS SUMMARY

Ferranti
plans £46.8m
rights issue

Ferranti International, troubled UK electronics group which last year discovered an alleged £215m fraud at a US subsidiary, yesterday unveiled plans for a £46.8m rights issue to stabilise its finances.

The one-for-four issue, to be priced at 25p, will be for sale by about 10 days, after the company has agreed a revised package with its bankers. It is fully underwritten by Baring Brothers, the company's merchant bank and a group of institutional investors. Lex, Page 24

EQUITIES in London were buoyed by Wall Street coming to the rescue of a third market, which managed to move more than a modest rally after the inflation announcement. The FT-SE

FT-SE 100 Index
Hourly movements
2390
2380
2370
2360
2350
2340
2330
2320
9 July 1990 13

Index gained 11.7 to end the day at 2,382.2. It was up 42.2 on the week - somewhat surprising in view of discomforting trading news from a wide range of companies. London Stock Exchange, Page 14; Lex, Page 24; *Footsie takes dislike to Thatcher's friends*, Weekend FT, Page 11

US financial markets ended the week stronger as the Federal Reserve confirmed a small drop in interest rates. The Dow Jones Industrial Index at one point broke the 3,000 barrier. Page 24; *Non-durables push up retail sales*, Page 2

OIL prices continued to surge as OPEC appeared determined to cut output from member states exceeding quotas. Brent September prices closed up 87.5 cents at \$17.80. Page 24

SAATCHI & SAATCHI, UK communications group, is planning a radical restructuring of its two international advertising agencies. Page 24

PATHE COMMUNICATIONS, Glancarlo Parretti's Hollywood film studio, has filed a \$500m (£276.5m) damages counterclaim against US media group Time Warner. Warner's recent lawsuit claimed \$100m for breach of contract. The dispute centres on a \$650m loan Warner was due to make to Pathe to part-fund the latter's acquisition of MGM/UA. Page 10

GENENTECH, US biotechnology company, saw second quarter earnings fall to \$5.3m (£2.5m) from \$9.6m. Page 10

RANSOMES, UK grass-cutting machinery manufacturer, can take over Westwood, UK garden tractor maker, says the MMC. The case was referred by Trade and Industry Secretary Nicholas Ridley, overruling an Office of Fair Trading recommendation. Page 8

SILICON VALLEY: Two US entrepreneurs have filed a \$50m (£27.65m) lawsuit against Japanese industrial group Kubota, claiming it has used its financial power to seize control of their supercomputer technology. Page 10

JAPAN: A senior politician has conceded that lifting the country's ban on rice imports is inevitable. Page 3

■ Trade Secretary appears set to quit ■ Thatcher remains reluctant to accept departure of supporter

Cabinet colleagues
raise pressure on
Ridley to resign

By Philip Stephens and Alison Smith

MR NICHOLAS RIDLEY appears set to resign as UK Trade and Industry Secretary this weekend amid a growing clamour for his departure among colleagues in the Cabinet and on the Conservative backbenches at Westminster.

As Mr Ridley returned last night from a visit to Hungary there was no sign that the furor would abate over his outspoken attack, in an interview given to the Spectator magazine, on Germany and the European Commission.

His retraction - on the instructions of Downing Street - of his remarks alleging a "German racket" to take over Europe and vehemently attacking the Commission did little to take the political sting out of the row.

Senior ministers said that Mr Douglas Hurd, the Foreign Secretary, and Mr John Major, the Chancellor, had indicated that it would be impossible to repair the damage to Britain's relations with its European

partners unless Mr Ridley resigned.

Mrs Margaret Thatcher was said to remain reluctant to accept the departure of one of her most loyal and long-serving ministers. Downing Street officials indicated that she was determined not to sack him.

But other senior party figures made it clear they did not believe that even as powerful a leader as Mrs Thatcher could defy the views of her supporters at Westminster.

There were suggestions in Whitehall that Mr Ridley would consult with political friends today before submitting his resignation to the Prime Minister at her Chequers country residence later in the day or tomorrow. That might be the trigger for the ministerial

reshuffle already planned for later this month.

Mr Cranley Onslow, chairman of the powerful backbench 1922 committee, was said by colleagues to have informed Downing Street that the overwhelming view among Tory MPs was that Mr Ridley must resign, a sentiment expressed by Mr Timothy Renton, the Chief Whip, in a brief meeting with Mrs Thatcher.

Sir Marcus Fox, vice-chairman of the 1922 executive, underlined the mood when he said Mr Ridley's position was "very bad" and that he expected that "an important announcement will be made very shortly."

Cabinet members did little to disguise their satisfaction at the imminent departure of a minister who, although close to the Prime Minister, has been at odds with Mr Hurd, Mr Major and several other colleagues.

The loss of Mr Ridley would deprive the Prime Minister of



Nicholas Ridley questioned by reporters in Budapest yesterday

the Government's most uncompromising free-marketeer and one of the few senior ministers who shares her antagonism towards European integration.

There was speculation among ministers and officials over who would be offered Mr Ridley's position. Mr Michael Howard, Employment Secretary, Mr Norman Lamont, Chief Secretary to the Treas-

ury, and Mr Tom King, Defence Secretary, were among those mentioned.

Mr John Patten and Mr William Waldegrave, ministers at the Home Office and Foreign Office, respectively, are among those tipped for promotion to the Cabinet. Mr Francis Maude, a young Foreign Office Minister, was mentioned by the right of the party as their

favoured candidate.

The Labour Party maintained its pressure on Mrs Thatcher to sack Mr Ridley. Mr Gordon Brown, shadow trade secretary, said that her "abdication of responsibility... sends the worst possible signal that she is not serious about repairing the damage that has been done to Britain's interests."

Gorbachev saves
his allies from
party faithful

By Quentin Peel and Leyla Boulton in Moscow

PRESIDENT Mikhail Gorbachev was last night once again forced to bend the rules of his Soviet Communist Party to save his allies and reformers from the revenge of the party faithful.

His intervention came as the marathon congress of the ruling party threatened to end in complete confusion with several of his closest advisers, all leading supporters of reform, facing exclusion from the central committee.

Mr Gorbachev demanded, and won, a reversal of the vote.

Soviet breakaways hope to divide party property Page 2

ensuring that his own backers survived.

The vote against them had been the final straw for the Soviet leader, who has forced largely reformist rules and a new party policy through the congress only to see the most radical democrats in the party walk out.

Yesterday two more of the most popular radical politicians in the country, Mr Gavril Popov, the mayor of Moscow, and Mr Anatoly Sobchak, the mayor of Leningrad, announced their decision to follow Mr Boris Yeltsin, the Russian president, in resigning from the party.

Then the congress showed its true colours, as hard-line conservatives voted solidly against the most reformist candidates on Mr Gorbachev's list for the central committee - men such as Dr Leonid Abalkin, the deputy premier in charge of economic reform, and Dr Roy Medvedev, the one-time dissenting historian.

The only others to do as badly, if not worse, were the most senior party appar-

atchiks, such as Mr Nikolai Kravchenko, in charge of the party finances.

Every leading economic radical on the list did badly in the voting, showing the depth of resentment among the party faithful at the failure of reforms so far, and distrust of the moves towards a market economy.

More than 1,000 delegates voted against men such as Mr Stanislav Shatalin, one of the president's two closest economic advisers, and Mr Otto Latsis, deputy editor of Kommunist magazine.

When it was clear that the 14 least popular names would be dropped from the 412-member central committee, Mr Gorbachev intervened: "If you do this, then everything we have achieved at this congress will be wasted," he said, demanding a reversal of the vote.

Mr Nikolai Gubenko, the Minister of Culture, urged the congress to reconsider its vote. "This would be a catastrophe," he said. "We will alienate the youth of this country, and the intellectuals. We will kill the idea of consolidating all forces."

Cowed into submission yet again, the delegates gave in, voting all the central committee members into office.

It was a fitting end to an extraordinary congress, which has seen Mr Gorbachev win almost everything he wanted - a new policy, new rules and a new leadership structure - and yet be left with a central committee which still threatens to be almost as conservative as the old one.

Mr Yegor Ligachev, the leading conservative on the old Politburo, was the main casualty of the old school, not even appearing on the list of central committee candidates.

Inflation
at 9.8% is
highest for
eight years

By Rachel Johnson

UK INFLATION has still not peaked in spite of rising last month to an eight-year high of 9.8 per cent, official figures indicated yesterday.

The previous month's inflation figure was 9.7 per cent.

"The figure is a good deal higher than I would wish to see it and I shall be content only when it begins to come down," Mr John Major, the Chancellor, said on BBC Radio 4's *The World at One* programme.

The Treasury was relieved, however, by a sudden drop in the price of seasonal food items, which kept the UK's inflation rate below double figures in June.

London financial markets shrugged off the news, with sterling strengthening 0.2 on its effective index to 93.5, and the FT-SE 100 index rising 11.7 to 2,382.2.

The headline rate of inflation, as measured by the Central Statistical Office's retail prices index (RPI), rose by 0.4 per cent on the month, while the underlying rate - the measure preferred by Mrs Margaret Thatcher, the Prime Minister - continued on Page 24

US retail sales, Page 24

RPI
% change over previous year
10
9
8
7
6
5
4
Aug 88 1989 1990

All items
All items
excl. mortgage
interest payments

Accor to buy Motel 6 for \$1.3bn

By William Dawkins in Paris and Roderick Oram in New York

ACCOR, the French hotel and restaurant group, has agreed to pay \$1.3bn (£730m) for Motel 6, a US mid-price motel chain, in a deal which will make it the world's biggest hotel group in terms of rooms under management.

Motel 6 has 536 budget motels across the US, the country's largest chain operated by a single company, and is aimed at a similar market to Accor's Formule 1 chain in France and northern Europe.

Mr Gérard Félisson, co-chairman of the French group said: "We are well placed to become the McDonald's of hotels."

Accor will now own and run 775 budget motels worldwide, and plans more than to double that to 2,000 in the next six to seven years.

After the US deal, Accor will own and manage 131,900 hotel rooms in 57 countries.

The deal is the first significant US acquisition for Accor, which last year obtained just under 4 per cent of its FF19.9bn (£2bn) turnover from the US. Accor owns the Sofitel, Novotel and Ibis chains among others, 12 restaurant groups and Ticket Restaurant, the world's largest luncheon voucher business.

This is also the latest in a run of French overseas takeovers as well as the latest of a series of divestments by Kohl-

berg Kravis Roberts, the Wall Street leveraged buy-out specialist, which has agreed to sell its 55 per cent stake in Motel 6.

Accor expects to win acceptance of at least 80 per cent of Motel 6's shares by the time its \$2.50 per share tender offer expires on August 18.

KKR and its investment partners bought Motel 6 for \$851m in 1985, financing it with \$135m in equity and \$716m in debt. They invested further money to help the chain expand. In 1986, KKR sold nearly half the equity in Motel 6 to public investors in the form of limited partnership units at \$13.50 each.

Background, Page 10

MARKETS

STERLING	DOLLAR	STOCK INDICES
New York lunchtime: \$1.802	New York lunchtime: DM1.647	FT-SE 100: 2,382.2 (+11.7)
London: \$1.8035 (1.798)	FF16.5215	FT Ordinary: 1,880.1 (+10.0)
DM2.365 (2.3725)	Y148.15	FT-Air-Share: 1,168.82 (+0.37%)
FF9.925 (9.9725)	DM1.6425 (1.6555)	New York lunchtime: DJ Ind. Av. 2,996.29 (+26.48)
SF2.5125 (2.52)	FF5.5125 (5.5225)	S&P Comp 369.09 (+3.65)
Y265.25 (267.25)	FF1.362 (1.4025)	Tokyo Nikkei 32,644.37 (+89.05)
C index 63.5 (63.3)	Y147.45 (148.75)	LONDON MONEY
GOLD	S index 65.8 (66.0)	3-month Interbank: 7.813%
New York: Comex Aug \$365.7 (369.6)	Tokyo closer 147.42	Long Bond: 103.2
London: \$364.5 (361.75)	US LUNCHTIME	yield: 8.458%
N 3EA OIL (Argus)	Fed Funds 8.25%	
Brent 15-day Sep \$17.8 (+1.875)	3-mo Treasury Bill: yield: 7.813%	
	Long Bond: 103.2	
	yield: 8.458%	

Chief price changes yesterday: Page 24

CONTENTS

Farm subsidies: 6	Appointments: 14	London Options: 9
Governments held to ransom: 6	Base Rates: 11	Money Markets: 11
Editorial comment: 6	Commodities Prices: 10	Recent Issues: 9
As miracles go wrong: 6	Commodities Review: 10	Share Information: 21-23
The UK and the Continent: 7	Companies UK: 8	Stock Markets: 8
Rift over Europe remains dangerous: 7	Economic Diary: 9	Wall Street: 20-21
Europe's skies: 7	FT Actuaries: 9	Bourses: 20-21
Time to draw a new air-routes map: 7	FT World Actuaries: 21	SE Dealings: 12
Man in the News: 6	Foreign Exchanges: 10	UK News: 10
Ramiz Alia, of Albania's Party of Labour: 6	Gold Markets: 10	General: 3-4
	Int. Companies: 10	Employment: 4
	International News: 23	Managed Funds: 16-19
	Leaders Page: 7	Weather: 24
	Letters: 7	
	Lex: 24	

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INVESTMENTS

LONDON BERMUDA TOKYO SYDNEY HONG KONG TAIPEI JERSEY LUXEMBOURG

Soviet breakaways hope to divide party property

party, espousing principles closely resembling social democracy to challenge the ruling party's control.

They urged supporters yesterday to keep their Communist Party cards until a new democratic party is formed in the autumn, in the hope that they will have a legal claim to a share of the party's huge portfolio of property and publishing houses.

Their problem is that more than half their members attending the Communist Party congress appear to have no wish to accept the demands for radical change from within the party. Furthermore, the party congress has been adamant that it will not give up any part of its huge property portfolio, including publishing houses, bookshelves in every big town, and local newspapers in every region.

Mr Vyacheslav Shostakovsky, a leading member of the Democratic Platform's co-ordinating committee and rector of the Moscow State Law School (a job he does not expect to keep long), yesterday

through the square, where they were cheered and applauded by hundreds of onlookers. They shouted "Down with communism" and raised banners proclaiming the innocence of other students arrested after political violence last month. One slogan read "Blood for students. Thanks for the miners."

Miners wrought havoc in the capital last month, beating people in the streets with iron bars and pickaxes, and ransacked opposition party offices. Six people died in the protests.

At the start of the year Mr Banza was involved in two big and so far unexplained scandals, concerning the chaotic distribution of charity relief coupons and the decision to distribute free 1.5m white uniforms to schoolchildren, at an estimated cost of \$3m.

Following her sacking, Ms Menendez said Mr Banza was responsible for the state of public health, pointing out that for the last five months she had not had control over budgets in her area. Ms Menendez, who appears to have been in the city since the year she has held her post, drew attention to 160 pending requests for purchase of essential items.

SNECMA, the French state-owned aero-engine maker, is to replace the fan-blades on more than 1,300 engines of the type involved in the air crash on Britain's M1 motorway last year. The fan-blades have been identified by the British Transport Inspectorate as the cause of the fire which caused the crash in 1992 in which 44 people died.

The programme, which starts in October, will be at the French company's expense and will take more than a year to complete. SNECMA agreed to replace the fan-blades for free, but how much it would cost to install the replacement fan-blades on the two versions of the CFM56 engines, but said a figure of about £10,000 per engine would not be improbable.

Accident inspectors after the crash discovered that poor contact between the fan-blades had created vibration. This had caused premature metal fatigue which had led to the engine fire. The replacement fan-blades had no air-furring angle at the contact, ensuring there can be no vibration.

Since the accident, airlines operating Boeing 737s with CFM56-3c engines have not been allowed to fly the jets at maximum thrust above 10,000 ft. SNECMA says there is no danger of using the jets as long as they are not used at their maximum thrust above this height.

forces dropping to about 400,000 men from their present level of 455,000. Mr. Gerhard Stoltenberg, the Defence Minister, said yesterday:

Further cuts are likely to be made in the framework of the conventional forces in Europe (CFE) talks in Vienna, and the eventual size of the future army of a united Germany could be between 300,000 and 400,000 men, according to current thinking in Germany.

Mr Kohl will meet Mr Gorbachev in the Kremlin tomorrow, before flying to the Caucasus city of Stavropol to visit Mr Gorbachev's home region.

for significantly lower forces than 225,000 in the next round of CFE talks.

Elsewhere, the bill earmarks funds for both the MX and the Strategic Defense Initiative, but limits the money to research and development only. The Strategic Defence Initiative (SDI) takes cuts of nearly \$300 to \$3,700, while the MX gets \$100 to \$1,000. The Navy's A-12 stealth aircraft and the Navy's A-12 stealth aircraft are significantly reduced.

The committee gave tentative approval to the Pentagon's request for two B-2 Stealth radar evading bombers for fiscal 1991, but the House of Representatives may impose even heavier restrictions on the troubled programme.

by the Fed. The accumulating evidence indicates considerable loan drains and collateral requirements are colliding in the context of an unchanged Federal funds rate [the main official indicator]. This suggests a market tightening of modest dimensions may be occurring.

"If so that could have undesirable effects on the economy that the Federal Reserve would have to consider offsetting using monetary policy."

Mr Greenspan was talking about a corrective for an unintended tightening in credit caused by the banks. However, the Bush Administration sees the credit squeeze as part of a possibly more serious downturn in the economy which it is determined to avoid through an early cut in interest rates. Political pressure has been stepped up.

The administration fears that any Fed action will be too little, too late. Besides, it wants any budget deficit reduction to be financed by the Treasury, by a cut in interest rates to offset any contracting effect. After several months of subdued debate, both the US economy and monetary policy are at a turning point.

THE US congress is poised to pass legislation requiring virtually all of tankers operating in US waters to have double hulls by the year 2010, Karen Zagar writes from New York.

The regulation, part of wide-ranging legislation covering oil spill prevention, clean-up and liability, would require all tankers in US waters, particularly the Exxon Valdez disaster off Alaska.

The proposed legislation sets a deadline of January 1995, by when single-hull tankers larger than 30,000 gross tonnes and more than 28 years old will have to be altered or retired. Similarly, single-hull tankers less than 30 years old will be prohibited on that date.

index excluding food and energy, which had previously been rising at a monthly rate of 0.25 per cent; this was because of a 0.9 per cent rise in durable goods, mainly reflecting car prices. However the index for goods sold for further processing fell by 0.2 per cent, and crude goods prices - watched by the Fed as an indicator of future inflation - fell 2.4 per cent. They have fallen 6.8 per cent in

BUSINESS in the COMMUNITY

ryk returned from their still-subsidised meal in the dining hall. After 14 years as an unskilled worker with the company she will earn DM750 this month. He, newly promoted as foreman, will take home DM1,250. Still shielded from the impending industrial collapse, they could not imagine working anywhere else.

ket. East German slaughterhouses were filled to overflowing with high-priced and formerly subsidised meat. Managers of the former state food shops did not need much urging from their new West German partners to halt orders for East German bread, meat, sausage and dairy products and switch to western suppliers.

In Luckenwalde, the wholesale shoe warehouse was called to the rafters with crude beams containing 350,000 pairs of thin, unsaleable shoes. But they were still being churned out by the shoe conglomerate in Weissenfels. Some shoes were sold to Poland and the Soviet Union. The rest languished, the trust which owns the former state companies, guaranteed his company's immediate liquidity needs. So far only 41 per cent of the loan he needed to continue had been approved.

Shoe shops across the land are severing their links with the Weissenfels factory and the former state wholesalers. Shuhhwa Potsdam had thrown out all its East German shoes and the Magnet department store in Brandenburg had linked up with Kaufhof in West Germany, said Mr Drygalla. He achieved 40 per cent of last year's turnover. "We will be on short time by August if business continues like this."

In the finished goods section of the warehouse, Ms Carmen

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INTERNATIONAL NEWS

Japan ready to lift import ban on rice says LDP chief

By Stefan Wagstyl in Tokyo

A SENIOR member of Japan's ruling Liberal Democratic Party yesterday conceded that the lifting of the ban on rice imports was inevitable.

Mr Toshio Yamaguchi, chairman of the party's special committee on economic adjustment, said imports would be acceptable as long as they were limited to about 5 per cent of consumption.

"It is inevitable for Japan to liberalise its rice market. Like American cherries, imported rice would be highly competitive in the domestic market," said Mr Yamaguchi, speaking at a seminar for businessmen.

Mr Yamaguchi's remarks are the strongest sign so far that the ruling party is considering ditching its policy of keeping rice out of international discussions of trade liberalisation, including the Uruguay Round of the General Agreement on Tariffs and Trade. The com-

ments indicate that Japan could be preparing to bow to US pressure for at least a symbolic lifting of the import ban.

However, Mr Clayton Yeutter, the US Agriculture Secretary, yesterday said that a 5 per cent share for foreign rice in the Japanese market is too low. "Five per cent does not constitute significant trade liberalisation in rice or any other product," he said at a news conference, adding "Japan should be able to do better than that."

Mr Yamaguchi's comments are also likely to provoke an intense debate inside the LDP with MPs from farming areas passionately defending the import ban as essential to Japan's well-being. MPs have already been given a strong hint that the leadership wants discussion to start in a comment by Mr Noboru Takeshita, the former prime minister, who

last month applauded an opposition party's move to support small-scale imports.

Farm policy was a major point of discussion at this week's Houston summit of the Group of Seven.

Although Japan's rice policy was not specifically raised at the meeting, the leaders, including Mr Toshiki Kaifu, the Japanese prime minister, committed themselves to reducing protectionism.

Wholesale prices in Japan rose 0.9 per cent last month compared with June last year, a smaller rate of increase than the 1.7 per cent recorded in May. The decline will ease fears of a resurgence of inflation, although the Bank of Japan says it will continue to monitor trends closely and shows no signs of easing its monetary policy. Farm subsidies around the world, Page 6

Nigeria to privatise 11 state banks

NIGERIA plans to privatise all banks in which it has a controlling interest, Mr Olu Falae, the Finance Minister, said yesterday, Reuter reports from Lagos.

Speaking at the inauguration ceremony of the new boards of the 11 commercial and merchant banks involved, Mr Falae said details of the sale would be disclosed later.

The 11 include the First Bank of Nigeria, Union Bank of Nigeria and United Bank for Africa, the country's three leading high street banks.

The privatisation plan is consistent with the Government's 18-month-old disinvestment programme, which involves 32 enterprises. So far 19 companies have been privatised.

Argentina raises fuel prices

Argentina has raised fuel prices 11 per cent, adding to doubts over whether monthly inflation of 14 per cent will be curbed soon, writes Gary Mead in Buenos Aires.

The raising of fuel prices is related to the Government's other domestic macro-economic aims, that of maintaining its slim fiscal surplus.

Reducing inflation to 2 per cent a month between June and December is part of government targets agreed with the International Monetary Fund in May, which unlocked a previously suspended \$200m standby credit.

Meanwhile, US commercial banks have been required by the regulatory body ICERC (Interagency Country Exposure Review Committee) to write off another 20 per cent, making 50 per cent in all, of their Argentine debt.

Bomb blasts rock downtown Manila

President Corason Aquino of the Philippines placed security forces on full alert yesterday after six bomb explosions rocked the capital's tourist and financial districts, writes Greg Hutchinson in Manila.

No one was injured and no group claimed responsibility for the blasts before dawn that damaged the Ministry of Education's foyer, several cars and the offices of China Airlines and Avis rental car agency.

The military believes it was most likely the work of rightwing army rebels, seeking to sow confusion and scare off foreign investors and tourists. They do not believe the rebels are strong enough to stage a coup.

Burma's junta refuses to yield

Burma's junta will not yield to international demands to transfer power to the National League for Democracy which won a landslide election victory six weeks ago, General Khin Nyunt, the head of military intelligence, said yesterday, AP-DF reports from Rangoon.

He said the junta would not release the opposition group's leader, Aung San Suu Kyi, and warned the opposition not to try to declare a government.

Ms Suu Kyi, the daughter of Burma's foremost independence hero, has been under house arrest since July last year.

Euro-court blocks German lorry tax

The European Court of Justice has confirmed last month's injunction preventing West Germany implementing its controversial plan to tax lorries using German roads, writes Tim Dickinson in Brussels.

The order is designed to halt the tax on commercial lorries until the German government has agreed to a final outcome of the case. That could take many months, possibly two years.

Tamil guerrillas capture army base

Tamil separatists captured an army base in northern Sri Lanka after four days of heavy fighting in which at least 45 soldiers and 50 rebels were killed, security sources said yesterday, Reuter reports from Colombo.

They said the rebels, fighting to set up an independent state for the country's Tamil minority, overran the camp at Kokavil in Mullaitivu district on Thursday after the two sides fought with mortar bombs, rocket propelled grenades and small arms.

Liberia stalemate

Two days of talks to end Liberia's civil war ended yesterday without progress towards a ceasefire, but the rebel delegation pledged to return to the negotiating table next week, Reuter reports from Freetown, Sierra Leone.

UK NEWS



Made in Britain: a Benetton B190, built at Benetton's centre in Witney, Oxfordshire, takes to the circuit

Britain holds on to pole position

John Griffiths looks at the success of the motor racing industry

THE British motor industry's contribution to the UK's balance of trade is on the serious side of negative. Last year it plunged more than \$60m into the red.

This week, though, in the run-up to tomorrow's British Grand Prix at Silverstone, Sir Ashley Ponsonby, in full ceremonial dress as Lord Lieutenant of Oxfordshire, was presenting the Queen's Award for Export Achievement to one small segment of the industry.



Mr Adrian Reynard (left) and Mr Rick Gorne: recipients of the Queen's Award for Export Achievement

Mr Reynard has also concluded a contract with a Mexican government agency to supply 40 chassis for this year's inaugural Mexican championship for Formula 3 cars, young drivers hopefuls' other principal route into grand prix.

Yet Reynard is itself only one component of a peculiarly British success story - the motor sport industry.

At least three quarters of the purpose-built racing cars in use worldwide come from a few dozen small factories, mostly in the Midlands or southern England.

When all aspects of the business are taken into account - including the sponsorship of the UK-based teams which numerically will dominate the British Grand Prix grid at Silverstone tomorrow - the motor sport industry makes a positive contribution to the UK trade balance of at least £300m a year, according to Mr Max Mosley, president of the manufacturers' commission of FISA, the Paris-based world governing body of motor sport.

That helps to explain why the Queen's export award hangs on a number of other motor racing walls, including that of the March Group, also in Bicester, and Mr Frank Williams' grand prix team headquarters in nearby Didcot.

The UK industry has penetrated to the top of even the most unlikely branches of motor sport - all the winners and almost all the participants in America's Indianapolis 500 for the past decade have been designed and built in the UK by March, by Lola, which is based in Huntingdon, Cambridgeshire, or by Dorset-based Penske.

Volume car manufacturers spend years and millions of pounds developing items such

as gearboxes and have to produce them in runs of 100,000-plus to make them viable. March, Hewland Engineering, Banbury-based Prodrive and others take a complex gearbox from first design to final production in a few months and will happily build as few as 20.

"It's an extraordinary situation," says Mr Jonathan Ashman, marketing director of the RAC Motor Sports Association, the governing body of motor sport in the UK.

"The UK really is the Silicon Valley of world motor sport. It is the only place that exists with such a large technology base in one relatively small area."

"If you want any kind of specialist, high-tech components designed and made in quantities and within a timescale which any mainstream commercial engineering company would regard as lunatic, you virtually have to come here."

In some areas, the motor racing industry is creating small mini-economies. Silverstone Circuits, which controls the 720-acre complex used for the British Grand Prix, plans to expand an industrial park on the site which already employs 420 people.

New industrial units, to be added during the coming win-

ter to 47 existing ones, will be aimed at "building up Silverstone as a hub for the British motor industry", according to its chief executive, Mr Tom Walkinshaw.

The 47 companies already there are all motor-industry-based, ranging from Mazda's motor sport preparation centre, through racing car constructors, glass fibre specialists, bodyshapers and tuning companies and even a racing drivers school.

The racing car market is larger than many might expect. For example, more than 10,000 Formula Ford cars have been sold by UK producers since the formula was launched in 1967.

Norfolk-based Van Diemen, which makes about 150 cars a year, is second to Reynard in volume terms and has produced a total of about 2,000.

Smaller volume doesn't necessarily mean smaller turnover. Lola, for example, sold only 34 Indy cars last year, but at \$246,000 minus engine and gearbox nearly matched Reynard for turnover.

Individually, none of the companies is a very large employer. McLaren International, the full name for Mr Ron Dennis's grand prix championship-winning organisation based at Woking in Surrey, employs 160 people, and March employs 140. But there are literally dozens of companies employing more than 100, and hundreds more in the parts and accessories supply chain.

When retailing in all its forms is taken into account, from supplying on-board fire extinguishers to rally jackets and umbrellas, there are perhaps 50,000 dependent on the motor sport industry for a living in the UK, according to Mr Simon North, a consultant who recently undertook a survey of the industry linked to the annual Racing Car Show held each year in London.

THE GUINNESS TRIAL

Napley rejects fabrication challenge

SIR David Napley, a leading solicitor, yesterday reacted angrily to a prosecution suggestion that he fabricated a note that he attributed to Mr Oliver Roux, the former Guinness director of finance.

After sharp exchanges with Mr John Chadwick, QC, prosecuting, Sir David, senior partner of Kingsley Napley and a former president of the Law Society, said he would report

Mr Roux had used on December 15?

Sir David: "I am telling you that this was my recollection on that date. It is now Mr Justice Henry: 'Those exact words'."

Sir David: "Those exact words."

Mr Chadwick: "Without a note."

Sir David: "Without a note."

Mr Chadwick: "Not a reconstruction? An exact recollection of half a dozen words used?"

Sir David: "Yes. There's nothing very surprising in that."

He agreed that a pencilled note he had made on the letter, to the effect that he and two of his partners were agreed that Mr Roux had said the disputed words, was inaccurate. He had made the note before speaking to his partners, one of whom had then reminded him he had not agreed.

Mr Chadwick: "But your recollection did not run to that?"

Sir David: "It was my recollection at the time of the note."

Mr Chadwick: "The note was inaccurate?"

Sir David: "It was inaccurate, but I did not give evidence about it."

Mr Chadwick suggested Sir David had sought to convey to Mr Roux's solicitors that he could support the quotation when in fact he could not.

Sir David said there was nothing in the letter indicating that the quotation was corroborated.

Mr Chadwick: "You write to solicitors who have indicated this is not their recollection, and you put it in quotation marks in order to lead them to think you have supporting evidence."

That, Sir David replied, was an unwarrantable suggestion or inference.

There was nothing of that sort in the letter. All it contained was his personal recollection - "which was my recollection then and is my recollection today."

Mr Richard Ferguson, QC, for Mr Saunders, told Sir David: "In essence, what is being suggested is that you



fabricated this statement and put it into a letter to another solicitor to mislead that solicitor.

Sir David said there were three answers to that. Secondly, "Firstly, there is not a word of truth in that. Secondly,

there is no evidence to support that, other than the uncorroborated evidence of a self-confessed liar."

"Thirdly, if anyone wanted to fabricate something it would be quite ridiculous to put it in a letter to Mr Roux's own solicitors which, as far as we knew, would never again see the light of day - if Mr Chadwick had not resurrected it."

Mr Saunders, former Guinness chairman and chief executive, Mr Gerald Ronson, Heron group chairman, Mr Anthony Parnes, a City stockbroker, and Sir Jack Lyons, the millionaire financier, deny charges arising from an allegedly unlawful share support operation mounted by Guinness during its takeover of Distillers in 1986.

The trial continues on Monday.

Seoul TV staff strike over bill

By John Riddling in Seoul

FOUR South Korean opposition MPs resigned yesterday and television workers began a strike in protest at efforts by the ruling Democratic Liberal Party to force controversial bills through the national assembly.

The resignations came at the end of a week of controversy over government-sponsored bills aimed at restructuring the nation's broadcasting industry and the military's operational command. Opposition groups claim the Government is rail-roading the bills through the legislature.

The four MPs said in a joint statement: "By quitting the parliament, we are protesting the abuse of power by the

regime of the DLP." They urged the dissolution of parliament which they said had turned into a rubber stamp legislature since the formation of the DLP earlier this year by the merger of two opposition parties and President Roh Tae-woo's ruling group.

The DLP holds more than two-thirds of the seats, enough to amend the constitution. Meanwhile, hundreds of workers at Munhwa Broadcasting Corporation, Korea's second television station, stayed away from work yesterday, disrupting many programmes.

The strikers were protesting against the DLP's unilateral passage through a parliamentary committee of a broadcast-

ing bill which they say curbs press freedom.

Thousands of workers at the state-run Korea Broadcasting System and two other private radio stations began voting on whether to strike.

The new broadcasting bill would create a private television station and reorganise the KBS, which is the main shareholder in MBC. Opposition politicians and broadcasting unions accused the Government of trying to strengthen its grip over broadcasting stations by setting up a docile new station.

Government officials have said the new bill is intended to introduce competition and broaden consumer choice.

US general dismisses risk of Middle East war

By Hugh Carnegie in Jerusalem

WAR in the Middle East is not a serious prospect, in spite of warlike rhetoric in the region, General Colin Powell, chairman of the US Joint Chiefs of Staff, said in Jerusalem yesterday.

Visiting Israel at the end of a five-nation swing through the Middle East, Gen Powell acknowledged concern over arms escalation in the area, including the build-up of long-range missiles and weapons of mass destruction.

However, he said officials he had spoken to on his trip - which included Jordan, Egypt, Tunisia and Morocco - were anxious to avoid conflict.



General Powell: concern over Mid-east arms escalation

W Europe car sales fall sharply

By Kevin Done, Motor Industry Correspondent

NEW car sales in western Europe declined sharply in June, the first steep monthly fall following five years of record sales.

Car registrations fell last month in all five large volume markets, West Germany, Italy, France, the UK and Spain. The decline was led by falls of 18.3 per cent in the UK and of 21.2 per cent in Spain.

Western European new car sales in June totalled 1,057m, 10.3 per cent lower than a year ago according to industry estimates.

Sales fell in 14 of 17 markets across western Europe, with higher sales recorded in only three markets, Denmark, Norway and Greece.

New car sales in West Germany in June were 8.7 per cent lower than a year ago, while demand fell by 5.7 per cent in Italy and by 8.9 per cent in France.

As a result of the steep fall in June total new car sales in the first half of the year at 7.2m were marginally lower than a year ago, reversing the trend of the first five months.

Across 17 western European markets sales in the first half of the year were higher in 11 countries, particularly West Germany, Italy and France.

These increases could not fully compensate for declines in six other markets, however, including falls of 10.9 per cent in the UK and of 9.9 per cent in Spain.

The biggest falls in the first six months have been suffered in Sweden, a drop of 18.9 per cent, and in Finland with a drop of 18.9 per cent.

The decline in June is in line with repeated forecasts from western European car makers that demand would begin to weaken this year following five years of record sales.

Leading car makers including Fiat and Peugeot have warned recently that profits could fall in 1990, as competition in the western European new car market intensifies.

The Volkswagen group of West Germany, which includes Audi and SEAT, has strengthened its grip on the market - it has led for the last five years - and captured 15.2 per cent of sales in the first half of the

WEST EUROPEAN NEW CAR REGISTRATIONS

January-June 1990

	Volume (Units)	Volume Change (%)	Share (Jan-Jun 90)	Share (Jan-Jun 89)
TOTAL MARKET	7,222,000	-0.5	100.0	100.0
MANUFACTURERS:				
Volkswagen (incl. Audi & SEAT)	1,095,000	+2.4	15.2	14.7
Fiat (incl. Lancia, Alfa Romeo & Ferrari)	1,074,000	-3.8	14.9	15.4
Peugeot (incl. Citroen)	929,000	-1.8	12.9	13.0
General Motors (Opel/Vauxhall, US & Saab)	857,000	+3.1	11.9	11.4
Opel/Vauxhall	820,000	+4.0	11.4	10.9
Saab	32,000	-17.0	0.4	0.5
Ford (Europe, Ford & Jaguar)	834,000	-2.0	11.6	11.7
Ford Europe	821,000	-1.7	11.4	11.5
Jaguar	10,000	-14.4	0.1	0.2
Renault	728,000	-0.7	10.1	10.1
Mercedes-Benz	628,000	-1.2	8.7	8.1
Rover	205,000	-5.0	2.8	3.0
Nissan	199,000	-7.7	2.7	3.0
BMW	197,000	-7.0	2.7	2.9
Toyota	186,000	+0.6	2.6	2.5
Mazda	142,000	+15.4	1.9	1.7
Volvo	133,000	-9.1	1.8	2.0
Total Japanese	800,000	+2.7	11.0	10.7
MARKETS:				
West Germany	1,574,000	+2.8	21.8	21.1
Italy	1,383,000	+1.8	18.9	18.4
France	1,188,000	+5.4	16.4	15.5
United Kingdom	1,068,000	-10.9	14.8	16.5
Spain	541,000	-9.9	7.5	8.3

Cars imported from US and sold in western Europe

Source: Industry estimates

year compared with the share of 14.9 per cent held by the Fiat group of Italy, its nearest rival.

Fiat, which includes Lancia, Alfa Romeo, Ferrari and Innocenti, has suffered a fall in its sales volume of about 3.8 per cent in the first six months according to industry estimates, with its share of the market shrinking to 14.9 per cent from 15.4 per cent a year ago.

Fiat is more dependent on its home market than any of the big six volume car makers in western Europe, and ominously it has been losing ground in Italy this year with its share of the market in the first six months falling to 54.3 per cent from 58 per cent a year ago.

General Motors (Opel/Vauxhall) of the US has maintained the position it gained last year as the fastest growing volume car maker in Europe. Opel/

Vauxhall sales were 4 per cent higher at 820,000, only marginally behind the 821,000 achieved by its arch rival, Ford.

The market share captured by Opel/Vauxhall jumped to 11.4 per cent in the first six months from 10.9 per cent a year ago, while Ford's share declined marginally to 11.4 per cent from 11.5 per cent in the first half of 1989.

In total the GM group, including Saab in which GM has a 50 per cent stake and management control, has overtaken Ford, for the first time to capture fourth place in the western European sales league behind VW, Fiat, and Peugeot.

Japanese car makers took 11 per cent of the western European market in the first half of the year, with Mazda achieving a 15.4 per cent jump in sales volume.

UK NEWS

Reorganised BCCI may seek UK incorporation

By Richard Donkin and Victor Mallet

THE TROUBLED Bank of Credit and Commerce International, which is undergoing large-scale reorganisation under Abu Dhabi control after two years of losses, is considering incorporating in Britain.

A UK-registered company would probably include BCCI's remaining UK branch network, which could be run as a subsidiary of the holding company.

The latter is registered in Luxembourg but expected shortly to move to Abu Dhabi. BCCI is moving its headquarters to Abu Dhabi from London.

Any UK banking incorporation by BCCI would need permission from the Bank of England, which sets stringent rules on capital adequacy, liquidity and provisions.

Neither BCCI nor the Bank of England would say yesterday whether any negotiations had taken place.

For the proposal to go ahead, the Bank of England would also need to be satisfied that the controlling company was fit and proper to operate within the UK.

Earlier this year BCCI agreed to forfeit \$15m (£3.3m) after two subsidiaries admitted drug-laundering charges in the US.

The reorganisation followed losses of \$496m in 1989, when the bank was forced to make provisions of \$600m for bad debt.

Control has passed firmly into the hands of Abu Dhabi's ruling family, which increased its shareholding to 77 per cent in March.

BCCI said yesterday that UK incorporation was only one of many options being considered in the overall reorganisation programme.

The magazine South has become the latest victim of the

BCCI group's restructuring. It closed this week. South Publications was expected to go into liquidation early next month, employees said yesterday.

The magazine has lost millions of pounds since it was founded to cover Third World issues in 1980, but senior staff say it has been bankrolled until now by the BCCI group from the Cayman Islands.

Mr Alastair Gair, the editor-in-chief and friend of BCCI founder Mr Agba Hassan Abedi, said: "They gave me no warning at all. I could have arranged alternative finance."

BCCI denied yesterday that any financial guarantees had been issued by BCCI in connection with South.

The company said: "There is no particular financial relationship between BCCI and South except that, as a customer, limited temporary facilities were allowed to it."

Scrap metal exporter links with steel maker

By Charles Leadbeater, Industrial Editor

THE UNGLAMOROUS scrap metal industry may be on the brink of a shake-up after a merger deal between Mayer Newman, the UK's leading scrap exporter, and Sheerness Steel, the mini mill steel manufacturer. Mini mills use innovative electric arc furnace technology.

Leading steel processors believe that mounting concern about the environmental costs of manufacturing and limits on the growth of landfill sites to dispose of waste may transform the scrap recycling industry into one of the trendiest sectors in the next few years.

The industry is becoming increasingly sophisticated and capital-intensive, with substantial investments in new technology to improve the efficiency of recycling.

Steel analysts and scrap processors believe the deal between Sheerness Steel and Mayer Newman, which should be finalised later this year, might presage further links between scrap metal processors and steel mills keen to secure high-quality supplies.

Since the mid 1980s, when demand for scrap in the UK plunged with the dramatic decline in steel production, scrap processors have increasingly sought export markets. In the past few years that has raised concerns among steel producers such as Sheerness Steel about whether they will be able to secure supplies.

There have been smaller moves in the US to link mini mills with scrap processors. Thyssen, the West German steel producer, has formed close links with CFF of France, the largest scrap processor in Europe.

In the past few years, some smaller specialist steel producers have installed scrap processing machinery at their production sites.

The deal will merge Mayer Newman with Sheerness Steel's scrap processing subsidiaries, Car Fragmentation and Parry Recycling, the four largest scrap metal group in Europe, with the capacity to produce 1.5m tonnes a year and a turnover of about £170m.

Sheerness Steel is a wholly owned subsidiary of Co-Steel, the Canadian mini mill operator. Co-Steel will pay about £20m for a 75 per cent stake in the merged group as well as providing funds for investment in new machinery. Mayer Newman shareholders will control the remaining 25 per cent of the company.

UK steel production last month was 9.5 per cent down on June 1989 at 344,000 tonnes a week and 3.5 per cent down on May's output levels of 358,000 tonnes, according to figures published by British Steel.

The company said the decline was due mainly to shutdowns at engineering steel companies in Sheffield, a week's shutdown at its Bessemer plant in Llanarkshire and operating difficulties at its Scunthorpe mill.

DTI delivers another rough ride

Alison Smith on keeping hold of the reins in a difficult department

THE DEPARTMENT of Trade and Industry has unhorsed more than its fair share of secretaries of state. Since 1979 it has got through them at an average rate of more than one a year.

Yet instead of steering clear of such a dangerous ride, Tory ministers, including Mr Nicholas Ridley, the present secretary, have queued up to master the DTI. Not all have been allowed to - neither Mr Peter Walker nor Mr James Prior was allowed to manage a department whose responsibilities for promoting competition and not supporting lame ducks are central to the Prime Minister's political thinking.

For some ministers, such as Mr Cecil Parkinson, who was Secretary of State for Trade and Industry in 1983, the post has been a reward for a job well done. For others, such as Mr Ridley, it has been a chance to prove that lack of style is outweighed by the ability to survive in one of the Government's toughest jobs.

What makes the DTI so difficult is the mixed response it arouses within the Tory Party - one Tory's regional policy is another's interventionism, and backbench resistance to foreign takeovers sometimes bucks a merger policy based on competition.

Although there were separate trade and industry departments until 1983, each minister had fewer difficult issues on which to concentrate.

Then after the departments were combined to create a more fearsome mount in 1983, the list of former ministers lengthened quickly.

Mr Parkinson had been in office just three months when publicly about his relationship with Mrs Sara Keays forced him to resign from the Government, in October 1983.

Next in the ring was Mr Norman Tebbit, but his effectiveness was weakened after he was seriously injured in the



bomb attack at the Tory party's Brighton conference in October 1984, and his move in the autumn of 1985 to the party chairmanship was not a surprise.

Mr Leon Brittan, previously Home Secretary and no obvious choice, showed early signs of mastering his brief before the political upset early in 1986 caused by the Westland helicopter company saw him tossed on to the backbenches.

The long-standing deputy at the DTI, Mr Paul Channon,

was then given the job. His year as secretary of state was marked by difficulties over mergers and takeovers policies. In 1987 he was given a gentler ride as Transport Secretary. Lord Young of Griffiths, the former businessman who impressed the Prime Minister with his "can do" approach, was next to try. Behind him in the saddle was his deputy, Mr Kenneth Clarke, who survived unscathed to become Health Secretary.

For all the lasso-twirling and

cowboy whoops of their ride, the good hard kick that the DTI still possesses has been all too apparent since they dismissed last summer. Issues such as the Fayed ownership of Harrods and the "sweeteners" paid to British Aerospace to buy Rover show that there is much taming still to do.

Mr Ridley is said to have taken on the DTI, gun in hand, ready to have it put down before he finished. The odds on his emerging as winner have now changed.

protest at the Government's interventionism or to incompetence.

He remained on the back benches until 1979, but colleagues remember fondly the saving to which he, as chairman of the party's backbench finance committee, subjected the finance bills of the 1974-79 Labour Government.

Under Mrs Thatcher, he became a Foreign Office minister, notable for his support for a Hong-Kong-style leaseback arrangement for the Falklands in 1981.

He then became Financial Secretary to the Treasury, until joining the Cabinet as Transport Secretary in October 1983.

Promotion to Environment Secretary in 1986 gave him a more daunting task, putting him in charge of policies as diverse as water privatisation and the poll tax. His move to the DTI last summer was prompted not by questions about his intellectual ability, but by doubts that he was suited to deal with the growing importance of "green" issues.

NEWS IN BRIEF

Minet buys 75% stake in Oslo broker

MINET insurance group, owned by St Paul of Minnesota, has bought a 75 per cent stake in Essar International Insurance Brokers of Oslo. No price was disclosed for the purchase, which gives Minet an active presence in the growing broker market in Scandinavia. Essar International is to be renamed Minet Ness Insurance.

Mr Terje Ness, Minet's shareholder partner in the new company, continues as managing director of the renamed company which specialises in marine and energy insurance. Minet plans to expand the non-marine domestic portfolio of the company.

Net book agreement

MR GORDON GRAHAM, a former president of the Publishers Association, yesterday reopened the debate over the net book agreement by calling for a reform of the system in order to increase book sales.

Last September the Office of Fair Trading decided against asking the Restrictive Practices Court to look at the agreement, which allows publishers to set minimum prices.

Mr Graham called for the creation of a new category of books which would allow booksellers to sell potential best-sellers at larger discounts than normal.

Conveyancing move

GREATER protection for people using the new conveyancing arrangements to be introduced under the Government's plans to shake up the legal profession was announced yesterday by Lord Mackay, the Lord Chancellor.

The Authorised Conveyancing Practitioners Board, which will supervise the banks, building societies and other bodies which will be able to offer conveyancing services, is to be given powers to investigate authorised practitioners.

Brooke and Collins fail to break Ulster impasse

By Ralph Atkins

MORE THAN six hours of talks between Mr Peter Brooke, Northern Ireland Secretary, and Mr Gerry Collins, Irish Foreign Minister, failed yesterday to resolve differences between the two governments on measures for breaking the political deadlock in Northern Ireland.

The lengthy meeting in London follows disagreement on the timing of the Irish Republic's entry into a series of talks covering all aspects of Northern Ireland.

The continuing impasse is likely to dampen hopes that Mr Brooke will be able to announce details of his plans to MPs before the House of Commons rises for the summer recess in two weeks.

If he fails to meet the deadline, the measures Mr Brooke has been negotiating since January might be seriously - possibly fatally - undermined.

Both sides appear determined that maximum effort

should be put into resolving differences. A further meeting between Mr Brooke and Mr Collins is likely to be arranged as a matter of urgency.

However, Mr Collins's diary is complicated by his wish to be available should Mr Brian Keenan, the Belfast teacher who is being held hostage in Lebanon, be released in the near future.

A week ago, Mr Brooke was unable to outline his plans to the House of Commons during a debate on the renewal of the British Government's emergency powers in the province.

The crux of Mr Brooke's dilemma is resolution of the demand of Unionist leaders that the Irish Republic should not interfere with Northern Ireland's internal affairs and the Irish Government's determination that it should be involved at an early stage in negotiations that may see a replacement to the 1985 Anglo-Irish Agreement.

Bankers' group condemns Revenue's access scheme

By David Barchard

THE BRITISH Bankers' Association, which represents leading high street banks, yesterday said that proposals to give the Inland Revenue increased access to customer bank accounts were unacceptable.

The association said: "The changes mean, in effect, that any official from the Revenue could walk into any bank branch and demand to look at account details."

A BBA memorandum circulated to banks warns that honest taxpayers might be unknowingly subjected to Revenue investigation into all aspects of their financial affairs.

The proposal arises from the announcement in the Budget of plans to abolish Composite Rate Tax, the tax payment

automatically deducted from interest earnings on bank and building-society deposits.

The Revenue is seeking powers to inspect details of deposits and deposit-taking institutions' records. The proposed powers apply to books, documents and other records, a definition the banks claim is sufficiently vague to cover almost all account details.

The BBA wants the Government to make clear at the report stage of the Finance Bill that the existing framework for Revenue investigations will continue. It says changes would undermine the right to privacy of individuals and might undermine the effective working of the self-certification procedures planned for deposit payers eligible to be paid gross interest earnings.

DPR case takes shine off futures

Deborah Hargreaves and Emma Tucker investigate a risky market

THE seething mass of gesticulating brokers in a futures trading pit is a sight that, by its sheer sense of chaos, can confuse the casual observer. It is a sight that investors in the firm DPR Futures will not be able to view with equanimity for quite some time.

After a four-month trial into the trading practices of DPR, former directors of the company were on Thursday acquitted of dishonest trading. But at least one investor in the company is threatening private legal action to recover his money.

Mr Donald Best, a double-glazing salesman, lost \$5,000 of his savings in DPR. His brush with the highly leveraged and high-risk futures markets, in which DPR bought and sold currency products on his behalf, has put him off investing in the markets. "I haven't touched them since. I can't even bear to read the financial pages," he said.

DPR was wound up two years ago after the Association of Futures Brokers and Dealers (AFBD) rejected the firm's application for a licence to trade. Mr Christopher Sharples, chairman of the AFBD, said nothing that had happened in the trial had changed his mind about his decision not to grant DPR a licence.

The chance of investors' recovering any money appears to be remote. It is a risky market and the law appears to weigh against the consumer, even if there is a legitimate case for trying to recover money, whether paid in commissions or lost on contracts.

Mr Paul Bond, one of the defence lawyers in the DPR case, said yesterday: "The interesting point from a lawyer's perspective is that it is fundamentally easier to defend brokers accused of fraud, whether in the civil or criminal court, than it is to protect their clients who may have lost all their possessions."

What became abundantly clear in the DPR case was that, with few exceptions, private clients of any futures brokerage will lose their money, in much the same way as punters on roulette table will, despite the occasional win, similarly and

ultimately lose their money to the house." Investors speculating in the futures markets have millions of pounds of institutional cash stacked against them. During the DPR trial it emerged that roughly 80 per cent of small speculators, who do not fully understand futures, are likely to lose some, if not all, of their money.

Mr Sharples of the AFBD estimates that 5 per cent of the business done in the futures markets is done by individuals. Before the Financial Services Act came into force at the beginning of 1988, the proportion was much higher.

"The message is that futures are dangerous markets and that you should only speculate with what you can afford to lose," he said.

The AFBD believes it has excluded the less reliable operators in the futures business.

The fact is that small, private, ill-informed punters tend to lose money. If they are rather lucky they can make a lot

Prof Michael Allingham
Kent University

ness by shutting down 38 firms that it refused to license in the early days of its existence. It also says it gets many fewer letters of complaint about potentially rogue operators than it did before the Financial Services Act.

Yet the fundamental dilemma for regulators is how far to go in providing protection for investors without prohibitively increasing the cost of doing business. Some regulators believe the Financial Services Act has made the public too complacent about where they put their money.

One regulator said the general feeling was that the system was reasonably strong but that the public had too high expectations of regulators and believed if a body was approved, it must be safe.

Some investors in DPR lost tens of thousands of pounds, but still gave the firm more money when it said it had found an opportunity to recoup the losses, according to regulators close to the case.

Professor Michael Allingham, of Kent University, is a specialist in the markets who appeared as an expert witness in the trial. He believes that protection should not go beyond warning private investors of the risks involved and informing them of commission rates.

"But the fact is that small, private, ill-informed punters tend to lose money. If they are rather lucky they can make a lot," he said.

The AFBD refused DPR's licence application in July 1988 after it had received letters complaining about high-pressure sales techniques. Acting on evidence from the AFBD, the Securities and Investment Board, the umbrella regulator, froze the assets of the company and moved to partly wind it up two weeks after the licence was refused.

The hard-sell approach was allegedly the result of pressure put on the young, predominantly male DPR salesmen by the directors through a mix of incentives and threats. A former employee who gave evidence at the trial alleged that on one occasion Mr David Rycott entered the sales room decked with a \$1,000 necklace made up of 250 notes, offering it as a prize for the most successful salesman that day.

DPR's application for AFBD membership was refused on several counts. The most serious was the charging of excessive commissions based on the total contract value rather than the smaller amount of margin money futures investors are required to put up. DPR did most of its business before the Financial Services Act, which provides for closer monitoring.

The DPR trial will not help to dispel the image of the futures markets as a hotbed for speculators and questionable practices. In a seven-week trial in Chicago, USA, alleging widespread fraud by futures brokers, the three defendants were acquitted of most charges last week.

Scargill to face libel action from ex-NUM chief Windsor

By Our Labour Staff

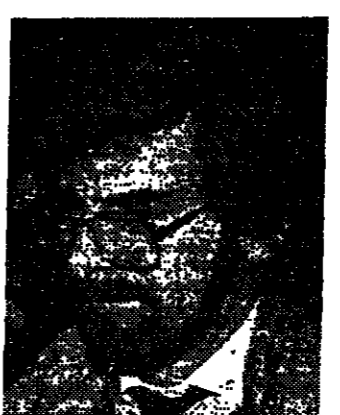
MR ROGER WINDSOR, the former Chief Executive of the National Union of Mineworkers, has been granted leave by an Irish court to sue Mr Arthur Scargill, the NUM president, for libel.

Mr Justice Hamilton, president of the High Court in Dublin, gave permission for proceedings to be pressed against Mr Scargill and the Sunday Times newspaper.

In an affidavit read by his lawyer, Mr Windsor said that Mr Scargill had "set about an attempt to discredit me by every means at his disposal."

"He has in particular made false allegations of fraud against me and a number of newspapers have published these allegations which are false and highly defamatory of me."

Mr Windsor co-operated with investigations by the Daily Mirror and Central Television's The Cook Report into the



Roger Windsor: granted leave by Dublin court

financial affairs of the NUM during the 1984-85 miners' strike.

These led to allegations that the NUM received money from Libya during the strike and that union money was used to

pay off loans to NUM officials.

A subsequent inquiry by Mr Gavin Lightman, QC, found that Mr Scargill misapplied funds during the strike but cleared him and Mr Peter Heathfield, the general secretary of the NUM, of wrongdoing during that time for paying off loans.

Mr Windsor, who now lives in Jarnac, France, said he was bringing the proceedings in Ireland because "the solicitor I have most confidence in practices within this jurisdiction."

He said Mr Scargill could not complain about being sued in Ireland as he had stated that the union got a fairer hearing in Irish courts than in British courts after proceedings over NUM funds in an Irish bank five years ago.

The affidavit also referred to an article published in the Sunday Times on October 15 last year under the headline "Scargill man in fraud riddle."

Health unions plan equal pay campaign

By Diane Summers, Labour Staff

THE CAMPAIGN by unions to bring women's wages into line with those of male workers will gain fresh impetus next week when health service unions are expected to launch a joint campaign on equal pay.

The four unions representing 180,000 National Health Service ancillary workers - Cohse, GMB, Naps and TGWU - are likely to announce a series of industrial tribunal test cases. Three-quarters of NHS ancillary workers are women and unions will be claiming that the existing job evaluation scheme is outdated.

The move coincides with the claim by the TGWU of two suc-

cesses in negotiations for equal pay for work of equal value. In one case, part-time female contract cleaners have gained parity with their full-time male colleagues. At another company, women clerks and sales assistants are now to be paid the same as male despatch and warehouse workers, the union claims.

Because of tight finances, the Equal Opportunities Commission is itself backing a decreasing number of equal pay cases. However, unions are being encouraged to press ahead with claims, the EOC said yesterday.

The latest two TGWU cases

are at Dagenham in Essex and Belfast. In Dagenham, after talks with the conciliation service Acas, 70 part-time female contract cleaners working for Factory and Office Services have obtained the same hourly rate of pay as full-time male cleaners, says the union.

In Belfast, 26 women employed as clerical and sales assistants by Eason and Sons, book and stationery distributors, claimed parity with 11 men working mostly as despatch clerks and warehouse personnel. According to the TGWU, the company abolished its grading system and now pays one rate.

Teachers join consortium to win funding

THE Professional Association of Teachers, the smallest of teaching unions, has formed a consortium with nine other independent trade unions to obtain government funding for training programmes, writes Norma Cohen.

Mr John Andrews, assistant general secretary of the PAT, said that without the consortium, member unions would have been too small to qualify for sufficient levels of funds to offer high-quality training for

lay officials. For the 1990/91 year, the consortium has been awarded about £15,000 in government training funds.

He said that the consortium is the first time small unions have banded together to seek training funds.

As part of the Government's labour union reforms in the mid-1980s, unions were offered the opportunity to apply for funds for in-house training. They may also apply to the European Community's labour

section for training funds.

The PAT, with 41,000 members, is the largest consortium member. The others are the Professional Association of Nursery Nurses, Association of Professional Ambulance Personnel, Association of Polytechnic Teachers, Institute of Journalists, Federated Union of Managerial and Professional Officers, Immigration Services Union, Abbey National Staff Association and the Hospital Doctors Association.

NEWS IN BRIEF

£227,000 awarded for death of tunneller

THE FAMILY of a tunneller who died from injuries suffered while working on the construction of the Rocklands Light Railway was yesterday awarded £227,000 agreed damages at the High Court in London.

Mr John Greene, 42, was hit by runaway skips while working at the face of the tunnel in the City of London in October 1984.

He died shortly after being admitted to hospital suffering from extensive pelvic and internal injuries.

His widow, Elizabeth, 38, of Co Donegal, Ireland, will receive £203,000 of the total award, said her counsel, Mr Jacob Levy. Her three children will each receive £2,000 which will be invested on their behalf.

By consent, Judge Black, QC, entered judgment, with costs, against Mr Greene's employer, Joseph Gallagher (London) of Haringey, north London.

BBC 9.4% accepted

UNIONS at the British Broadcasting Corporation have voted overwhelmingly to accept a pay deal which will raise their basic rates by 9.4 per cent plus an extra £100 a year for staff on salaries of up to £20,000.

In a ballot among members of the NUJ, Bectu and ACTU unions, 7,233 voted in favour of the deal, 68 per cent of those voting, and 984 against.

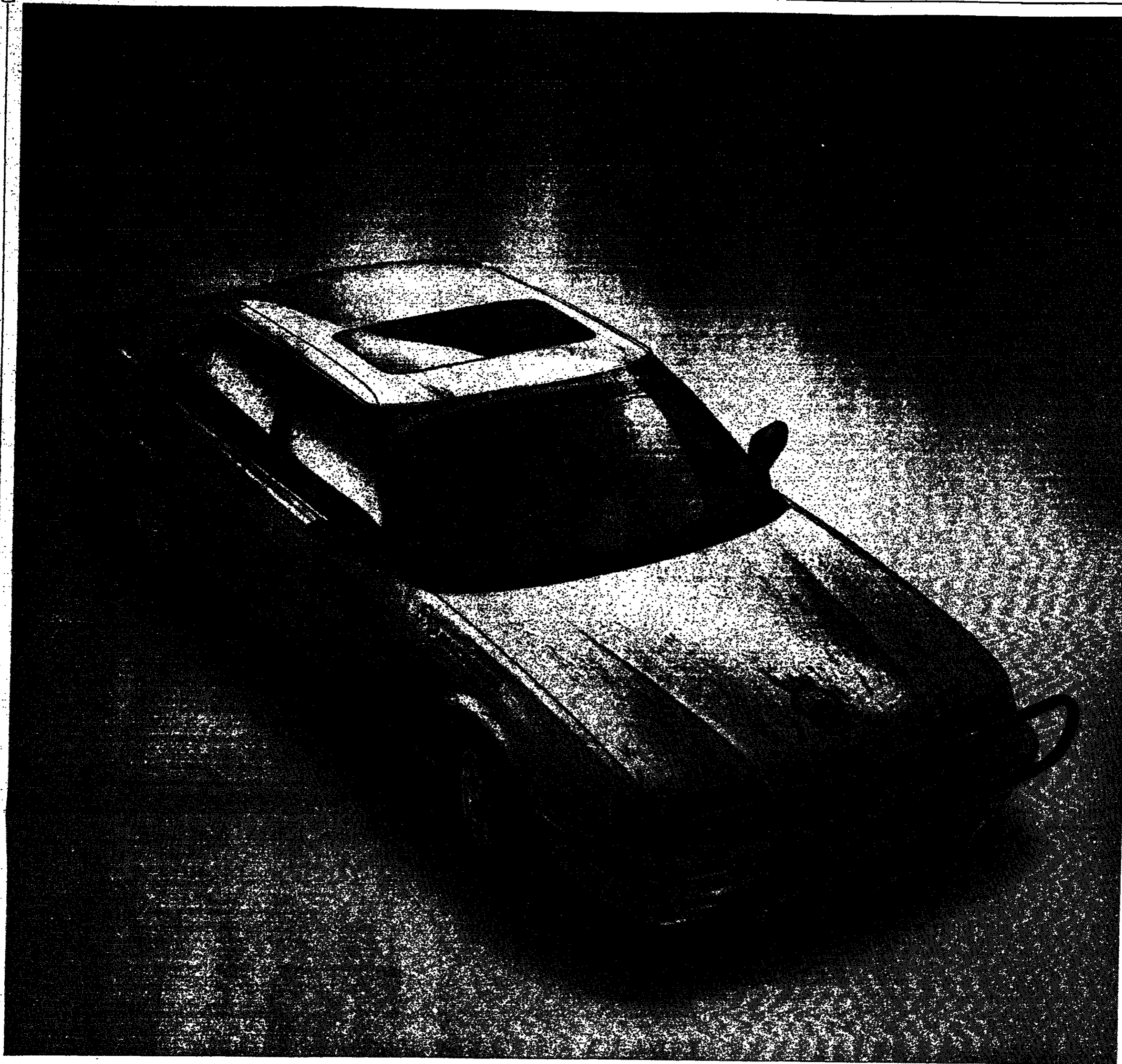
The deal will lead to additional annual rises of £150 for London staff.

Barnsley NUT strike

NATIONAL Union of Teachers members in Barnsley, South Yorkshire, are to hold a three-day strike next week in protest over the compulsory redundancy of 22 per cent of their teachers.

Mr Peter Scott-Brown, secretary of the NUT's Barnsley branch, said the union's executive has sanctioned the industrial action.

It is the second such industrial action in Barnsley where 1,000 of the borough's 1,700 teachers are NUT members. A one-day work stoppage was held in June over the redundancy.



THE GUINNESS BOOK OF RECORDS HAS JUST GOT A LITTLE THICKER.

On Sunday, May 13th, six members (three male, three female) of the Royal Army Ordnance Corps went for a drive.

They drove twenty six thousand and seventy eight miles, lost a lot of sleep and they were on the road for thirty nine trouble-free days.

And they shattered the world record for circum-navigating the globe by car.

The two cars that drove the distance? Both

Rover 827 Si s. Both straight off the production line.

Needless to say, though their cars ran perfectly, their journey was not without incident.

In Morocco, for example, tribesmen and their families use the roads to sleep on during the cold desert nights. Turkey seems to have more than its fair share of mad, wild dogs. And even members of our illustrious Ordnance Corps can be forgiven for getting lost when reading Brazilian route maps. (More of that another day.)

In fact both teams soon learnt on their epic journey that the one thing they could be sure of was that they couldn't be sure of anything.

Except of course, their cars.

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Weekend July 14/July 15 1990

As miracles go wrong

LAST Sunday two Argentine players were sent off in the World Cup final for fouling Germans. This weekend Mr. Nicholas Ridley, the UK Trade Secretary, seems certain to be shown the ministerial red card for the same offence.

It is easy to understand the frustrations that lay behind Mr. Ridley's astonishing outburst in the Spectator, although it is impossible to excuse his lack of judgment. Until only about two years ago the Conservative Government had succeeded in sharply raising Britain's standing in both the European Community and the world at large. The British economy was expanding powerfully, whereas Germany was stuck at the time in a phase of Eurosclerosis slow motion.

In 1987 Britain's GDP rose by 4.7 per cent whereas German growth was just 1.7 per cent. The UK's aggressive and independent stance within the EC had achieved important results in areas such as the community's budget, and its insistence on monetary sovereignty was rendered reasonably credible by a low inflation rate. Elsewhere the "special relationship" with President Reagan was at its peak.

Yet in the two years since Mr. Nigel Lawson slammed the economic door on Britain's relative standing has become seriously diminished. The German economy is growing at 4 per cent, while the UK may not show much more than 1 per cent expansion this year. German unification will prove costly for the Federal Republic in the short term, but in due course will further increase the country's economic weight and political power.

In terms of European politics, Mrs. Thatcher's prickly independence has come to appear more and more like futile isolationism. President Bush has concentrated on building a relationship with Mr. Kohl. British cabinet ministers are coming face to face with the consequences of being in charge of a not very large, not very successful country.

Plainly bitter

Mr. Nicholas Ridley is plainly bitter about the inevitability of entry into the Exchange Rate Mechanism and fearful of the momentum towards full monetary union. He sees, correctly, that Britain will be forced to adopt German-style monetary policies and that unselected officials will start throwing their weight around.

Highlighting the point, Mr. Robin Leigh-Pemberton, Governor of the Bank of England, ventured on Thursday to describe the views of Mr. Ridley, a Cabinet minister, as "intemperate and misplaced".

words which form no part of a British public servant's traditional vocabulary when talking in public about his political bosses. But they are, no doubt, necessary status symbols for bank governors seeking to join the Euroclub of European monetary guardians.

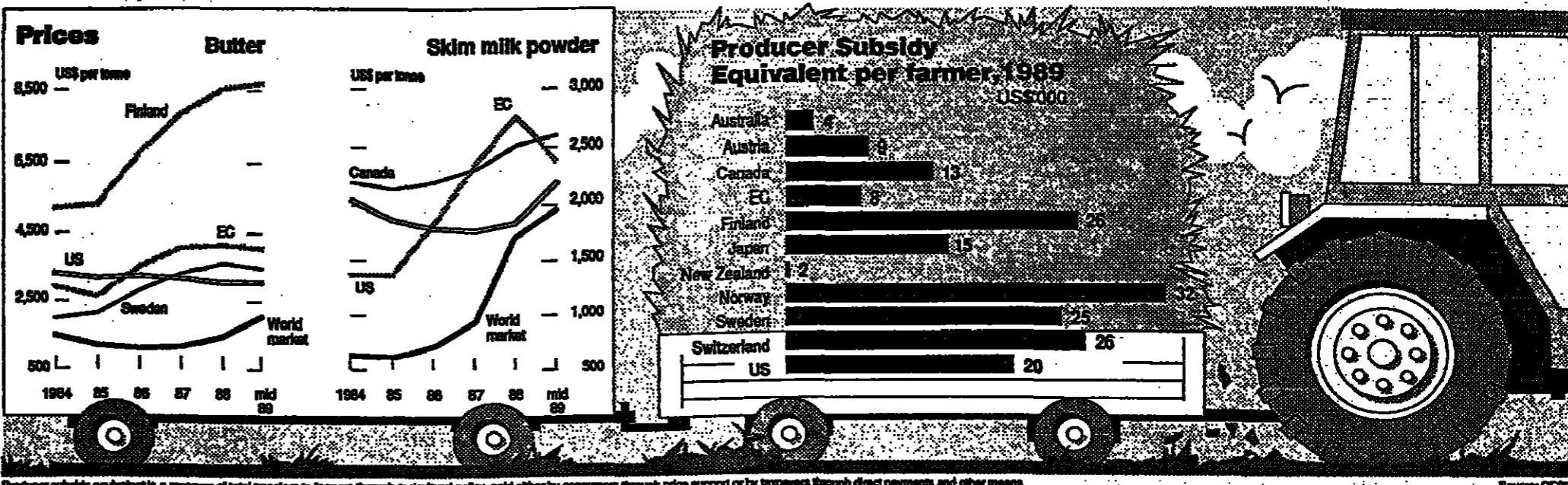
Political necessity

The question which Mr. Ridley might have addressed, however, is why the duly elected politicians of Britain have been so consistently unsuccessful in pursuing their stated economic objectives: this Government's first priority has long been to bring inflation down, but yesterday the inflation rate hit 8.8 per cent, with double digits still a near-term possibility. The overriding political necessity now is to get interest rates down by the beginning of next year. Domestic conditions do not justify such cuts, so the only alternative is an agreement with the governments and central banks of the other EC member states on entry into the ERM and the imposition of a squeeze through the exchange rate.

Ironically Mr. Karl Otto Pöhl, the Bundesbank chief, may be co-operating with the UK's last round of pre-election interest rate cuts. But this will not be the same as a monetary loosening, and the consequences for industry could be quite severe. Downward profit revisions by British companies continue - Hawker Siddeley joined the procession on Thursday, for instance - and it looks as though elected British politicians will once again choose to impose the worst pain on the corporate sector, which has no votes, rather than on the personal sector which has all of them.

It might all look fairly depressing for the stock market but relief came this week from Mr. Alan Greenspan, chairman of the US Federal Reserve. His hints of lower interest rates have given encouragement to the American securities markets and have helped Wall Street to send the Dow Jones Average to an all-time high. But the message for the dollar could prove negative, and it is curious to see interest rates on the American currency slipping below those on the Deutschmark.

As for sterling, the Ridley affair kicked it slightly off balance. The markets retain the fear that Mrs. Thatcher fundamentally agrees with her Trade Secretary and that when the ERM crunch finally comes, she will refuse to commit the dreadful deed. Perhaps the Germans will find some way of sparing the bill. It cannot be that, undiplomatically, they won the World Cup too.



FT writers examine the burdens imposed by high levels of farm subsidies

Governments held to ransom

Every cow in the US attracted \$1,400 in subsidies in 1986, according to a celebrated calculation by the International Monetary Fund. At the time, this was more than the annual per capita income of half the world's population. Faced with statistics such as this, it is a wonder that voters around the world are not clamouring for an immediate end to the feather-bedding of farmers which now costs industrial countries a total of \$265bn a year.

Against all natural logic, the debate over how to unwind world farm subsidies was the most contentious issue at this week's Houston summit. Even despite the summit compromise it remains one of the most intractable problems confronting the whole Uruguay Round of multilateral trade negotiations. Yet a closer look at the way subsidies work reveals why progress is so tortuously slow. Not only is the cost of farm support masked in many countries by high food prices which consumers routinely accept. Farm lobby groups, closely linked to national political parties around the world, have long been able to play on voters' technical ignorance and their sensitivity to issues like rural heritage, food security and the environment.

Now in the wake of the publicity generated by the Uruguay Round and the Houston row and amid growing awareness of the massive budgetary cost involved, the protected farmers of the industrial world find themselves more than ever on the defensive. The battle to reduce subsidies is still likely to be a long one, however, not least because the need to ensure fairness in unravelling the different ways in which support is applied.

Any international agreement on winding down support will require hard decisions by political leaders who often depend on farm lobbies for their support. It will also have to take into account the need to prevent any particular country twisting the process to gain unfair advantage in coveted export markets, for example for grain in North Africa. The scale of the problem is huge. Europe's Common Agricultural Policy (CAP) now carries an overall cost close to Ecu50bn (\$62bn), of which only about Ecu6bn is thought to reach farmers in terms of benefit. It has survived partly because of the fog of jargon, complex regulations and political double talk which obscures its inner workings from voters and politicians alike.

Stripped down to its bare essentials, the cost to the consumer of import tariffs, which keep out cheaper food from the rest of the world, and guaranteed price levels fixed by the European Community, an additional burden on taxpayers comes when Brussels steps in to buy unwanted food and when surpluses are disposed of cheaply on international markets.

Such mechanisms ensured that Europe's 11m farmers on average received prices roughly 30 to 35 per cent higher over the last five years than they would have done without any support. A liberalised, or semi-liberalised system, would almost certainly result in a rise in world market prices - but according to Mr. Brian Gardner, an experienced Brussels-based farm policy expert, "consumers are probably paying about 25 per cent more for their food than they really need to".

The sharp reduction in EC stocks over the last couple of years has convinced many who should know better that the problem has now been solved. The surpluses, however, are still there - Europe produces 14 per cent more dairy products than it consumes, for example - but rather than being locked up in the EC's own food stores for later disposal they are now being dumped on world markets with the help of Ecu7bn a year in so-called export refunds (the subsidies paid to traders and food manufacturers which bridge the gap between high EC prices and the lower free market price).

Glib references to "the strength of the farm lobby" do not provide a full explanation as to why the CAP survives. Those who work on the land in continental Europe command much greater popular support than they do, say, in the UK - a phenomenon rooted in different experiences of industrialisation and religious tradition, and illustrated in frequent EC opinion surveys among ordinary citizens in countries like France and West Germany.

Besides, memories of wartime privation have not completely dimmed, and attachment to the CAP as the "cement" which held the Community together for its first 30 years remains strong. Mr. Ray MacSharry, the tough Irish Commissioner who defends the basic principles of the system if not the exorbitant level of subsidies, actually used the phrase in a briefing this week.

The root of the problem, however, is not political defiance in Brussels but the CAP's continuing emphasis on market support as a means of solving what is fundamentally a social dilemma. Guaranteed prices are high because they are needed to sustain the incomes of the millions of Community farmers who eke out their living on just a handful of hectares - yet the relatively small number of large-scale, efficient producers who are responsible for perhaps 80 per cent of the EC's agricultural output receive almost the same level of support.

Much energy has been expended in Brussels on trying to channel more of the resources towards poorer producers - via direct income subsidies, special rebates, and incentives to persuade owners of marginal land not to

By Peter Montagnon, Tim Dickson, Nancy Dunne and Stefan Wagstyl

sow arable crops (the equivalent of closing a factory).

The trouble is that such reforms so far have amounted to little more than tinkering at the edges; the result is that even modest price cuts of the kind reluctantly agreed by EC heads of government in 1988 impose a genuinely painful burden on smaller Community farmers while failing to curb the relentlessly expanding surpluses produced by their more efficient counterparts.

In sharp contrast to Europe, the US has a cheap food policy - for its consumers, that is, rather than its taxpayers. It is supported by an elaborate web of loans, guarantees, subsidies and other assorted handouts, which cost US taxpayers almost \$50bn from 1987-1988.

In 1990 the US Agriculture Department says it will spend about \$30n on price supports and subsidies to farmers. This estimate does not include about \$8bn for loans which are designed to set a floor under individual commodity prices.

This price support scheme enables farmers to put their crop "under loan" at a pre-established price. The crops are held off the market until prices rise. In the event that prices do not rise - as has often been the case during times of overabundance -

farmers forfeit their crops to government stocks and keep the loan money. Congress has been hard at work drafting the next five-year farm programme, which the Bush Administration said may be re-written next year if Uruguay Round negotiators agree to lower subsidies substantially. Mr. Clayton Yeutter, the US Agriculture Secretary, rails against American farmers' "addiction" to government support, and the budget-plagued Administration wants to make a serious effort to reduce farm spending. It is easy to see why: the Congressional Budget Office reckons that if price support and export programmes were continued at their current levels, payments to farmers would total about \$53bn over the next five years.

However, it is a congressional election year, and a farm bill vote could play a key role in agricultural states. Not surprisingly, both the Senate and House agriculture committees, which are stacked with representatives of farm interests, have passed new draft farm bills that would raise the current costs of supports by several hundred million dollars each year. Although the number of US farmers has declined to about 2.2m, their political clout is enhanced by agribusiness interests and the power of the lobby's entrenched representatives.

While export subsidies play a prominent role in Europe, US programmes are linked to the domestic cost of production. This is why the EC is so alarmed at a "solution" to the subsidy problem that would single out export subsidies in particular. It fears that the US would still be free to subsidise domestically, giving its producers a competitive edge and driving European farmers out of world markets.

In the event, US dairy farmers and sugar producers who could never be internationally competitive are likely to resist any Uruguay Round subsidy cutting package. To sell the deal to Congress, the US will need the active support of grain exporters - and their main target is the EC's export subsidies.

Japan, in contrast, has been largely sidelined during the recent row between the US and the EC. But it, too, faces some awkward decisions. According to the Organisation for Economic Co-operation and Development, it is the worst offender of all industrial countries, giving its producers support equivalent to 72 per cent of the value of their output.

Visitors to Japan never cease to wonder at the 240 pound melon - at

once a symbol and a caricature of agricultural protectionism. Thanks to government established prices for farm goods which are passed on to the consumer, food prices there are higher than in any other leading developed country.

This truth is beginning to dawn on the Japanese, as they travel abroad, they realise that food need not be an expensive luxury. A lorry-load of melons can be bought in Australia for the price of a single fruit in a Tokyo department store. Even rice is no longer sacred. According to opinion polls, the proportion of people favouring opening the rice market to imports (which are currently banned) has climbed in recent years from 30 per cent to 65 per cent.

The price paid for rice to farmers has been reduced three times in the past four years, albeit modestly, and further cuts are likely in future. Nevertheless, consumers still pay ¥5,540 for 10 kg of rice, around five times the world price.

However, Japanese consumers are slow to bring pressure to bear on the Government. Consumer rights groups, including the largest Shuntan, are influenced by their close alliances to farming organisations. Also, even though the number of full-time farmers is small (just 2.5m people and declining), up to 20m derive at least some of their income from farming, many of them elderly.

The forces of protectionism are led by Nippon, the farmers' co-operative union, which has 5.5m member households, 13,000 employees and holds over ¥70,000bn in farmers' deposits. It has huge political influence through its ability to deliver votes in the countryside, chiefly to the ruling Liberal Democratic Party.

MPs have often voted unanimously to block the import of even a single rice grain and wax lyrical about the importance of paddy-fields to national culture.

In overall terms, according to the OECD, farming plays only a small role in the economies of its member states. On average it accounts for just 2 to 3 per cent of economic output and 8 per cent of employment.

At some stage the clout of farmers will diminish to the point at which they can no longer hold their governments to ransom. The Houston summit may not have gone that far, but at least the argument there has helped expose the scale of the problem.

MAN IN THE NEWS

Ramiz Alia

Reformer in the shadow of the old guard

By Judy Dempsey



At this time of year, the sun's heat lingers over the still waters of the straits of Otranto, the narrow strip that separates Italy from Albania. But yesterday the waters were disturbed by the ships which evacuated thousands of Albanian refugees to freedom. Those waves are now stirring the inner circles of the ruling Albanian Party of Labour which is led by Ramiz Alia.

The obsessively secretive sanctums of the leadership were rarely opened up by the late Enver Hoxha who exerted an iron grip on Albania from the time he founded the APL in 1946 to his death in April 1985. Hoxha fiercely protected Albania's independence from Yugoslavia in 1948, from the Soviet Union in 1961 and from China in 1978. Those who opposed him were liquidated. Those who remained loyal were rewarded. One of these was Alia, who is now sailing perilously in uncharted waters as he opens up Albania to the outside world.

His crew, a motley combination of young diplomats, economists and intellectuals, are uncertain if they will reach their destination. For on the horizon looms the dark shadow of Hoxha, whose giant-size statue in his birthplace of Gjirokastra remains a reminder to Alia that he must proceed cautiously. After all, it was the Hoxha clan which invested Alia with power.

Hoxha's power base was concentrated in the south of the country. Here, in the lowlands inhabited by Moslems and a small Eastern Orthodox community, live the Tosks, an ancient tribe intellectually and culturally influenced by its proximity to Italy and Greece. It was this tribe which controlled the APL and which Alia joined - a risky choice because of his background.

Ramiz Alia was born on October 18 1925 in the northern city of Shkoder. His Moslem peasant parents had fled from Kosovo, once a province of the four Albanian-speaking communities, but which in 1913

was forcibly incorporated into what is now the Yugoslav republic of Serbia. More significantly, Alia's family were Gëgs, another ancient mountain people who eke out a living as serfs under the powerful Moslem landlords.

There was little love lost between the Gëgs and the Tosks, as chronicled by the annals which portray a society dominated by ritual and blood feuds. Hoxha paved over the differences: communist ideology dictated that it would transcend all national/tribal differences. Alia thought otherwise.

"He was only 14 years of age when he joined the Albanian anti-Fascist Youth," recalls an Albanian diplomat. "He joined a Partisan Brigade in 1943 and then the Communist Party." Those Albanians who know him omit to say that the young, ambitious Ramiz chose to run with the clan in power: the Tosks. In doing so, he disowned some of his Gëg blood ties, including Tuk Jakova, the defence minister, and Liri Be-

shova, a protégé of Nikita Khrushchev. Both of them were denounced by Hoxha for betraying the socialist cause as the ideological dispute with Moscow reached its climax. Alia, who by 1960 was already in the Politburo, turned a blind eye to these denunciations. Loyalty to the status quo prevailed over allegiance to family. The refrain of an Albanian folksong - "The Albanians do not forgive blood" - may still echo in his, and other Albanians' ears.

Alia continued to consolidate his position in the establishment, by marrying Semirame Cuvani, the daughter of the Albanian scholar Aleksandar Cuvani and of a respected Eastern Orthodox family. One of Alia's two daughters married Hoxha's son - a fact which Albanian diplomats do not discuss.

Those who know Alia say it was Nohatë, Hoxha's widow, who first noticed him when both were in the anti-fascist youth movement during the

Second World War. Apparently it was she who promoted and protected Alia. In turn, he actively supported Hoxha's policies throughout the turbulent 1950s and 1960s. By the 1980s, Alia was thought fit (he used to be a keen tennis player) and loyal enough (he wrote many of Hoxha's speeches) to stand by his master's side as the old man cleared the ground for his chosen successor.

But now, after five years in power, Alia is trying to emerge from the grim legacy of Hoxha. The exodus of the Albanian "boat people" from the embassies in Tirana poses the biggest challenge to his authority. "This unfortunate incident is a great blow to our reforms," an Albanian diplomat commented. "But we think Alia will remain in control. He has the support of the leadership and people. He just needs time."

Since 1985, Alia and Reis Maillie, his foreign minister, have revamped their country's image abroad by replacing more than 40 of their 100 ambassadors. At home, Alia

demoted the powerful Simon Stefani from the hated Interior Ministry along with several of the old guard. Albanian officials say this has nothing to do with squeezing out the Hoxha clan. A defensive diplomat said: "Alia simply wants to rejuvenate the leadership. Alia and Hoxha were very close."

But his reforms must be causing waves among the people put in power by his predecessor, as Alia starts introducing political and economic changes. But can he reduce his dependence on those who gave him power, and still survive? Can he contain unrest and emigration? Alia has little time. At 64 years of age, he has much to do, an Albanian diplomat commented. "He is our only hope."

Alia's personality is an asset. In contrast to the ruthless reign of Hoxha, a short, balding figure, he is by all accounts, a lively, less dogmatic man. "He always had the reputation of being an intellectual in the party leadership," said a colleague.

He has spent much of the past five years touring the country, explaining the need for change in speeches which mix loyalty to Marxism-Leninism with a cautious endorsement of the need for economic change (and harder work), and equally cautious recognition that the rest of the world is no longer an undifferentiated swamp of imperialism and repression. As far as Albanian diplomats know, he has never travelled to the west so he cannot put his languages - French and Italian - to the test. "He always speaks through interpreters," a colleague said. These languages, including Russian, which Alia learned at the party school in Moscow in 1957, may come in useful as Albania slowly starts to emerge from the self-imposed isolation of the previous regime. But the unsettled waters across the Straits of Otranto, and the latent sense of grievance by the Gëgs, may cast another and more menacing spectre over his fragile rule.

FROM THE GLOBAL EXPERTS

The Fidelity International PEP.

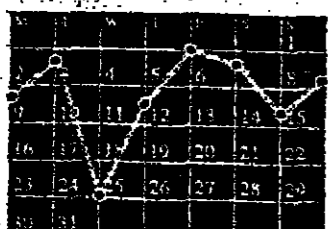
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ECONOMIC DIARY

TOMORROW: National Savings results for June

MONDAY: First quarter food facts. CSUFT Survey of distributive trade for June. Provisional June figures for retail sales. May index of output of the production industries. EC general affairs council starts two-day meeting in Brussels. EC Energy Ministers informal meeting in Rome looks at new Commission figures suggesting dependence on external energy supplies is rising again.

TUESDAY: Public Sector Borrowing Requirement for June. EC internal market council meets in Brussels. Local government manual workers' pay talks. Mr David Heathcoat-Amory, Environment Minister, speaks at engineering and environment conference. Guilford, Mr William Waidegrave, Foreign Minister, and Chief Buthezi speak at Centre for Policy Studies conference on South Africa. Mr Tim Eggar, Employment Minister, statement on small firms service annual report. British Airways annual meeting. Mr Neil Kinnock, Opposition leader, meets President Bush in Washington.

WEDNESDAY: Mr David Trippier, Environment Minister, speaks at conference on protecting the environment. African Union summit in Cotonou resumes talks with South African government on removing obstacles to starting full political negotiations, Johannesburg.

THURSDAY: Labour market statistics: unemployment and vacancies (June - provisional); average earnings indices (May - provisional); employment, hours, productivity and unit wage costs; industrial disputes. London and Scottish banks monthly statement for June. Provisional figures of vehicle production for June. Provisional estimates of monetary aggregates (June). First quarter figures for institutional investment. Regional Trends 1990 report published. National Union of Mineworkers national executive meets, Sheffield. English Tourist Board annual report published. Institution of Civil Engineers publishes report on pollution and its containment.

FRIDAY: EC Health Ministers meet, Naples.

LONDON TRADED OPTIONS

Option	CALLS	PUTS	Option	CALLS	PUTS	Option	CALLS	PUTS
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INTERNATIONAL COMPANIES AND FINANCE

Costs of merger hit Genentech earnings

By Louise Kehoe in San Francisco

GENENTECH, the US biotechnology company which Roche Holdings of Switzerland plans to acquire for \$2.1bn, yesterday announced a second-quarter earnings decline after merger-related expenses of \$7.2m.

Additional merger costs will cause a loss for the year, Genentech said.

Second-quarter profits were \$5.3m or 6 cents per share, down from \$8.0m or 11 cents per share in the same quarter last year.

Revenues for the quarter rose 15 per cent to \$112.5m, up from \$97.5m.

Genentech stockholders voted 97 per cent in favour of the proposed merger last month. Completion of the merger has been delayed, however, by a Federal Trade Commission, which is asking the companies to supply additional information as it examines anti-trust implications of the transaction.

Genentech said that sales of its heart attack drug, Activate, were \$48.3m in the second quarter, down from \$64.9m in the first quarter. The company maintained, however, that the decline did not suggest slowing demand for the drug, its principal product.

In March, the results of a large-scale scientific study comparing Activate with streptokinase, a conventional heart attack drug, were published in Italy. The study concluded that Activate offered few advantages over alternative less expensive drugs.

Activate sales continue to be strong, said Mr Kirk Rash, president and chief executive of Genentech. "It is still early to judge what any long-term effects of the [Italian] clinical trial and new competition may be on ongoing sales, although there has been a minimal decline in market share to date."

For the six-month period, Genentech reported revenues of \$179.4m, up from \$152.1m in the first half of last year. Net income was \$18.6m or 21 cents per share, compared with \$17m or 20 cents per share.

Ciba-Geigy, the largest Swiss chemical and pharmaceutical group, showed a first-half sales fall of 2 per cent to \$7.15bn (\$7.15bn), AP-DJ reports from Basel.

In local currency terms, however, sales were up 4 per cent, the company said, with the difference due to the appreciation of the Swiss franc.

Despite the overall decline, sales in the pharmaceuticals division, which accounts for the largest share of group sales, rose 3 per cent to \$7.31bn.

Accor aims for blanket coverage of the hotel world

William Dawkins on the French chain's ambitious FF7bn move to become the biggest on earth

Accor, the acquisition-hungry French hotel and restaurant group, yesterday reminded the world that hotels and restaurants had something in common.

"We are well-placed to become the McDonald's of the hotel world," said the rosy-cheeked Mr Gérard Pélissier. He and Mr Paul Dubrule form France's best known business double-act as co-chairmen and founders of Accor. He was speaking of Accor's FF7bn (\$1.22bn) offer to buy Motel 6, America's largest low-cost motel group.

The Dallas-based Motel 6 - which thought of the McDonald's simile before Mr Pélissier did - has 61,591 rooms in 40 states and gives the French group its first big foothold in the US.

It is an enormously ambitious deal, which at a stroke turns Accor into the world's largest international hotel group in terms of the number of rooms it owns and manages: 131,900 as against the 109,600 controlled by Marriott, the US hotel chain.

Within that, Accor now owns 775 budget motels, which it aims to increase to 2,000 in the next six to seven years. Motel 6 brings with it \$900m of short-term, high-interest debt, due to rise to \$1.4bn by the end of the year as it continues to open new motels, says Mr Olivier de Surville, Accor's financial controller. Accor aims to spin off Motel 6 into a separate company, making it a public company, to spread the burden.

But even so, the stock market saw it as a heavy load for the French group, which last year reported a net profit of FF735.5m on turnover of FF19.9bn and already has a

busy acquisition and hotel building programme under way.

The shares slipped by 5.5 per cent to FF975 after the announcement, recovering to FF1,010 for a fall on the day of FF30.

However, the Accor pair, who have been harmoniously running the company since its foundation as the Novotel hotel chain 23 years ago, have no such doubts.

For them, the purchase of Motel 6 is a chance to get access in the US to something like the successful idea that they started in France five years ago, with the cheap and cheerful Formule 1 budget hotel chain.

Formule 1's honest no-frills image, with rooms at about FF120 per night, is very similar to that of Motel 6, where cash-conscious travellers can find a room on the edge of a motorway for up to \$28.55 a night.

Accor started life through a mixture of acquisition and greenfield investment as a chain of middle to upper-market hotels such as Novotel, Sofitel, Mercure and Ibis. By the mid-1980s "we started wondering if we should go into a sector we had not yet covered," said Mr Pélissier.

Accordingly, the pair commissioned a study of bottom-of-the-market commercial travellers' hotels in France, the equivalent of the British bed and breakfast. The survey



America for breakfast: Paul Dubrule with Gérard Pélissier

showed that most guests found them old, noisy and dirty, but could not afford to stay anywhere else.

This was the competition to be addressed by the Formule 1 chain, which now has more than 120 hotels, is opening on average one a week and is expanding into Belgium, the Netherlands, West Germany and the UK.

Formule 1 boasts an occupancy rate of 86 per cent for its established hotels, well ahead of the 67 per cent achieved by the rest of the group. Motel 6 has a 77 per cent occupancy rate, around 10 points above the US national average, estimates Mr Dubrule.

On the disappointing evidence of attempts to get Ibis and Novotel going in the US, where Accor lost FF15m last year, the pair agreed that starting a budget chain from scratch there would not work.

"If we had done that, it would have taken us 10 to 12 years to reach the size we need," said Mr Pélissier.

But neither were they prepared to pay the heavy prices which US hotel chains such as Crest and Holiday Inn have been able to attract recently.

Luckily for Accor, Kohlberg Kravis Roberts, the US lever-

aged buy-out specialist which has agreed to sell its 55 per cent stake in Motel 6 to Accor, was prepared to negotiate. "It was a very hard negotiation. They were asking a price considerably above what we paid," said Mr Dubrule. Accor expects to pick up at least 50 per cent of Motel 6 by the time its \$22.50 per share offer closes on August 14.

Mr Dubrule estimates that the price represents around 10.5 times gross operating profits, which he feels is a significantly lower multiple than achieved in recent sales of US hotel chains.

He catches it that a large part of Motel 6's debt is short-term, at interest rates of between 12 per cent and 16 per cent.

To reduce the drain on Accor's balance sheet, the group plans to create a new holding company for Motel 6, International Budget Hotels, in which the French group will hold only 35 per cent to 40 per cent of the shares.

It plans to sell the rest to its own institutional shareholders, including Société Générale de Belgique, Banque Nationale de Paris and Suez, which have so far shown encouraging interest, said Accor officials. The group reckons it can borrow FF4bn to FF5bn without straining its balance sheet, where debts currently stand at 50 per cent of shareholders' funds.

The details, to be settled in the next few months, will provide a test of the Paris financial establishment's ability to go on supporting a series of ambitious foreign takeovers by French companies, of which Accor is the latest example.

MOTEL 6 RISES TO BECOME THE CAMPY PLACE FOR YUPPIES

MOTEL 6, through streamlined design and efficiency, has brought low prices and consistent quality to the budget lodging industry over the past decade, writes Roderick Oram in New York.

A typical motel is located near an interstate highway exit, is two or three stories high and has either 110 or 155 rooms, each with telephone, colour television and one or two double beds. Most have swimming pools but none have restaurants.

Operations and supplies are run centrally and are fully computerised. "New loads of toilet paper arrive magically without ordering," said a Motel 6 official.

With one telephone call a traveller can get, from the computer reservation system, a suggested room, reservations at Motel 6s along the way and lists of sight-seeing attractions.

Efficient design of rooms means that a 110-unit motel is typically run by about

19 employees, some part-time. Low prices attract more private than business travellers, appealing particularly to retired people and families with young children.

Humorous radio commercials by Mr Tom Rodett, a former Alaska carpenter, have increased awareness of Motel 6.

"Tom's made it socially acceptable to stay at budget motels. We even have yuppies come because they think it's kinda campy," said the Motel 6 official.

Sewing machine link cut

By Andrew Fisher in Frankfurt

PPAFF OF West Germany has agreed to dissolve its joint venture with Janome of Japan in household sewing machines, though the two companies will continue to co-operate to develop industrial machines.

The joint venture, Dorina Nähmaschinen, was set up in 1984 to assemble knockdown sewing machine kits from Janome in Japan and sell the finished products in Europe. But

Janome has concentrated increasingly on importing cheap machines from its Taiwanese operation.

PPAFF said the decision to dissolve the equally-owned venture reflected both changes in the world market and a reorganisation within the German company. For PPAFF, household machines form a far smaller proportion of its total business than industrial machines.

SDBO owns 6 per cent of Mr Tapie's Bernard Tapie Finance (BTF). It is believed that Mr Tapie, who is nearly FF2bn (\$350m) in loans,

a unit of Crédit Lyonnais and lead manager of the financing deal, said it would be announced on Monday.

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Mr Bernard Tapie, the French entrepreneur, has finalised a financing package to buy 80 per cent of Adidas, the West German sports goods group, Reuters reports from Paris.

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Iberia-led group can bid to buy Argentine airline

By Gerry Mead in Buenos Aires

THE Argentine Government has formally approved the Spanish airline Iberia, heading a group of Argentine companies, as acceptable for consideration in its attempt to buy the 85 per cent of Aerolineas Argentinas to be privatised.

The next stage, which should follow within days but could be delayed by last-minute legal obstacles, is a decision on whether to accept the as-yet-undisclosed offer.

Included in the Iberia-led consortium is Cielos del Sur, the Argentine holding company of Austral, the largest private domestic carrier in Argentina. Doubts persist as to whether the Government may decide that the bid infringes monopoly laws.

SDBO owns 6 per cent of Mr Tapie's Bernard Tapie Finance (BTF). It is believed that Mr Tapie, who is nearly FF2bn (\$350m) in loans,

Mr Bernard Tapie, the French entrepreneur, has finalised a financing package to buy 80 per cent of Adidas, the West German sports goods group, Reuters reports from Paris.

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Kubota sued over US technology

By Louise Kehoe

TWO Silicon Valley entrepreneurs have filed a \$50m lawsuit against Kubota, claiming that the Japanese industrial group has attempted to use its financial muscle to seize control of their supercomputer technology.

The suit addresses a politically sensitive concern that Japanese investments in US high technology companies are siphoning off critical US technology.

Mr Allen Michels and Mr Matthew Sanders, co-chairmen of Stardent, a graphics supercomputer manufacturer, charge that Kubota conspired to take control of Stardent's technology to compete with the company in future. Kubota is Stardent's largest shareholder and creditor with a 22 per cent stake in the company.

According to the suit, Kubota forced Mr Michels and Mr Sanders to merge their start-up graphics supercomputer company, Ardent Computer of Sunnyvale, California, with a financially unstable competitor, Stellar Computer of Newton, Massachusetts, last year to form Stardent by threatening to withhold \$50m in agreed funding.

Mr Michels persuaded Kubota to invest in Ardent in 1986, according to industry operators, and was enthusiastic about the merger with Stellar in spite of misgivings among many of Ardent's employees. At the time Mr Michels called the relationship with Kubota a "unique Japanese-American partnership that could set a precedent for future trans-Pacific relationships."

Mr Michels' relationship with Kubota soured, however, as control of the company

shifted. In the lawsuit he alleges that Kubota conspired to use the merged company's technology to compete with Stardent through a Kubota US subsidiary.

"This case is a flagrant example of the Trojan horse technique by which small creative American companies are being controlled, then swallowed up by large Japanese concerns," said Mr Joseph Allen, legal counsel to Mr Michels and Mr Sanders, noting a recent Commerce Department report warning of a Japanese takeover of American supercomputer technology.

"By using cheap dollars to gain manufacturing and Asian distribution rights, they proceed to partial ownership and then wind up appropriating pioneering research and its second-generation progeny."

Mr Sanders said the lawsuit is a "wake-up call" to other American companies to be vigilant against such tactics.

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Pathé starts countersuit to Time Warner's

By Alan Friedman in New York

MR GIANCARLO Parretti's Pathé Communications, which is seeking to acquire MGM/UA, the Hollywood studio, yesterday responded to Time Warner's recent lawsuit for breach of contract with a counters

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar down as Fed adds funds

THE DOLLAR lost ground yesterday on speculation that the Federal Reserve may have eased its monetary stance. The Fed added liquidity to the New York banking system, via over the weekend system repurchase agreements, when Fed funds were 8 1/2 per cent.

The US authorities also added liquidity on Thursday, through customer repurchase agreements, when Fed funds were 8 1/2 per cent. This was probably technical, but yesterday's action by system repurchase agreements, when Fed funds were down to 8 1/2 per cent, was regarded as a stronger move.

The last change in US monetary policy was about seven months ago and since then the Fed is believed to have targeted Fed funds at 8 1/2 per cent. On Thursday Mr Alan Greenspan, chairman of the Federal Reserve Board, hinted to a meeting of the Senate Banking Committee that credit policy may be eased.

The dollar fell from a high of DM1.6480 to close in London at DM1.6425, compared with DM1.6555 on Thursday. Nevertheless the US currency held firm against the Japanese yen, closing at ¥147.45 in London, and rising to ¥147.90 soon after in New York. This was despite suggestions that Japanese interest rates are likely to rise.

The dollar was well above the levels of around ¥146.55 seen in New York on Thursday shortly after Mr Greenspan's comments, but was below the London close of ¥148.75 on the same day.

Against other major currencies the dollar fell to SF1.3920 from SF1.4035 and to FF5.5125 from FF5.5525 at the London close. Its index declined to 65.6 from 66.0.

Reaction was muted to the expected rise of 0.5 per cent in the June US producer price index and a stronger than forecast rise of 0.6 per cent in the PPI, when stripping out food and energy prices. There was

also little reaction to the first rise in US retail sales for four months, with dealers saying that the consumer sector remains sluggish. Sales rose 0.5 per cent in June, against forecasts of around 0.4 per cent.

Thursday's episode involving a verbal attack on West Germany by Mr Nicholas Ridley, UK Trade and Industry Secretary, cast a shadow over sterling. The pound gained some consolation from a lower than expected figure on UK inflation, but attention was focused on the political implications of Mr Ridley's remarks. A year-on-year rise of 9.3 per cent in the retail price index was above the May figure of 9.7 per cent, but slightly below market estimates of 9.9 per cent.

Sterling rose 95 points to \$1.8055 against the dollar, but fell to DM2.9650 from DM2.9725 to FF5.9525 from FF5.9725, to SF2.5125 from SF2.5200, and to ¥366.25 from ¥367.25. The pound's index rose 0.2 to 93.5.

FINANCIAL FUTURES AND OPTIONS

Strike	Call	Put	Settle	Settle
82	1.17	0.13	0.13	0.13
83	1.17	0.13	0.13	0.13
84	1.17	0.13	0.13	0.13
85	1.17	0.13	0.13	0.13
86	1.17	0.13	0.13	0.13
87	1.17	0.13	0.13	0.13
88	1.17	0.13	0.13	0.13

Strike	Call	Put	Settle	Settle
100	0.03	0.03	0.03	0.03
101	0.03	0.03	0.03	0.03
102	0.03	0.03	0.03	0.03
103	0.03	0.03	0.03	0.03
104	0.03	0.03	0.03	0.03
105	0.03	0.03	0.03	0.03
106	0.03	0.03	0.03	0.03
107	0.03	0.03	0.03	0.03
108	0.03	0.03	0.03	0.03
109	0.03	0.03	0.03	0.03
110	0.03	0.03	0.03	0.03

Strike	Call	Put	Settle	Settle
100	0.03	0.03	0.03	0.03
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105	0.03	0.03	0.03	0.03
106	0.03	0.03	0.03	0.03
107	0.03	0.03	0.03	0.03
108	0.03	0.03	0.03	0.03
109	0.03	0.03	0.03	0.03
110	0.03	0.03	0.03	0.03

Strike	Call	Put	Settle	Settle
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110	0.03	0.03	0.03	0.03

Strike	Call	Put	Settle	Settle
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Strike	Call	Put	Settle	Settle
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105	0.03	0.03	0.03	0.03
106	0.03	0.03	0.03	0.03
107	0.03	0.03	0.03	0.03
108	0.03	0.03	0.03	0.03
109	0.03	0.03	0.03	0.03
110	0.03	0.03	0.03	0.03

Strike	Call	Put	Settle	Settle
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101	0.03	0.03	0.03	0.03
102	0.03	0.03	0.03	0.03
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104	0.03	0.03	0.03	0.03
105	0.03	0.03	0.03	0.03
106	0.03	0.03	0.03	0.03
107	0.03	0.03	0.03	0.03
108	0.03	0.03	0.03	0.03
109	0.03	0.03	0.03	0.03
110	0.03	0.03	0.03	0.03

Strike	Call	Put	Settle	Settle
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106	0.03	0.03	0.03	0.03
107	0.03	0.03	0.03	0.03
108	0.03	0.03	0.03	0.03
109	0.03	0.03	0.03	0.03
110	0.03	0.03	0.03	0.03

Months	Months	Months	intervention
-8.20 10½	8.15-8.30 10½-10¾	8.40-8.55 10½-10¾	8.00 9.50
-	8½-9	-	-
-	8.15-8.24	-	-
-	7½-7.8	-	-
-	11½-11¾	-	-
-	9½-9¾	-	-
-10½	10½-10¾	10½-10¾	-

KEY RATES			
One Month	Three Months	Six Months	One Year

Joe Matsau, Managing Director of the Lesotho Electrical Company, is bringing energy to the villages of his country.



Joe Matsau is bringing electricity to "The Kingdom in the Sky".

The de-forestation of some parts of Africa has been a matter of survival, not profit. In the mountainous kingdom of Lesotho, generations of villagers have had to live off the land for fuel to cook and heat their homes.

Joe Matsau of the Lesotho Electrical Company has a promising alternative. He is directing a long-term rural electrification programme which will make his country energy self-sufficient.

Hydro-electric power is the key, with transmission lines reaching up to over 2,000 meters into the "Kingdom in the Sky", as it is known locally.

Village by village, Lesotho is switching dependency from the earth's fragile resources to the fruits of man's ingenuity.

"We still have a long way to go", says Mr. Matsau, "but the programme would never have seen the light of day without ABB's help - not just their technology, but their skill in identifying crucial aid and loan sources for us."

"The world is changing fast. To catch up, we have to change even faster. And, thanks to ABB, we're doing just that."

ABB is a world leader in electrical engineering, committed to the development of new and better ways of generating power, getting it to where it is needed, and using it efficiently.

ABB Asea Brown Boveri Ltd
Reader Services Centre
P.O. Box 822
CH-8021 Zürich/Switzerland

ABB
ASEA BROWN BOVERI

Compared to the level of inflation, over the last 4 years British Gas tariffs have fallen by 10%

British Gas

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

Left Class	Date Price	Old Price	Off + or Price - %	or Year
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Robert M. La Follette

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[illegible]

US MARKETS (2pm)[illegible]

4,520
11,900

Year	+ or -
1970	-0.15
71	-0.14
72	-0.11
73	-0.11
74	-
75	-0.13
76	-0.05
77	-0.05
78	-0.05
79	-0.05
80	-0.05
81	-0.05
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83	-0.05
84	-0.05
85	-0.05
86	-0.05
87	-0.05
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39	-0.05
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41	-0.05
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2.60	0.05
2.65	0.05
2.70	0.05
2.75	0.05
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2.85	0.05
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3.70	0.05
3.75	0.05
3.80	0.05
3.85	0.05
3.90	0.05
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4.65	0.05
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4.75	0.05
4.80	0.05
4.85	0.05
4.90	0.05
4.95	0.05
5.00	0.05

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9.05	+0.1
2.27	

BYZ	+ 25
2.5	0.02
15.0	0.02
6.5	0.02

14.10	+0.2
2.34	+0.14
1.50	+0.01

	35	+ 47 -
5.00	+0.00	
14.00	+0.00	
13.00	+0.00	
2.00	+0.00	
7.00	+0.15	
10.00	+0.1	
5.00	+0.00	
10.00	+0.1	
3.00	+0.04	
5.00	+0.02	
7.00	+0.07	

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INDUSTRIALS (Miscel.) - Contd.

[illegible]

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MINES—Contd

Stock	Price	+ or -	Dly Mkt	C'w	Yld Gr%
ny Mining Sp.	118	-			
warrants	96				
-Domination	12				
ntl. Gold	347	-4			
Mining 10p.	17				
Res Corp.	15 1/2		Q30	5.5	21.6
Shurco 10c	3 1/2				
Int.-I.P.O.	19 1/2				
Minerals 2p.	55		1.0		2.2
Gold Mines	37				
to Gold Mines	62 1/2	-1	\$620		1.4
Gold Mines E	68 1/2		\$620		1.1

Stock	Price	% Chg	Div Yld	P/E
Alcoa 20 1/2	16 1/2	-	1 1/2	10
Am. Tel. & Tel. 20 1/2	28 1/2	-	1 1/2	10
Gen. Elec. 20 1/2	10 1/2	-	1 1/2	10
IBM 20 1/2	16 1/2	-	1 1/2	10
Int. Bus. Mach. 20 1/2	16 1/2	-	1 1/2	10
Johnson & Johnson 20 1/2	16 1/2	-	1 1/2	10
Merck & Co. 20 1/2	16 1/2	-	1 1/2	10
Pharmacia 20 1/2	16 1/2	-	1 1/2	10
Roche 20 1/2	16 1/2	-	1 1/2	10
Schering-Plough 20 1/2	16 1/2	-	1 1/2	10
Wm. Wrigley 20 1/2	16 1/2	-	1 1/2	10
Yale 20 1/2	16 1/2	-	1 1/2	10

011 10p	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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[illegible]

latest annual reports and accounts and, where relevant, the company's FY05 are calculated on a full-time, full-year basis. All figures are in sterling, earnings per share being computed on a weighted average basis of shares in issue and surrendered ADRs where applicable. All figures are in sterling unless otherwise stated. All distributions, covering are based on the weighted average number of shares in issue, excluding exceptional preference/losses in the year. All distributions are in sterling, to the extent of attributable ADRs. Yields are based on the closing price of the shares on the last day of distribution and are shown for investments at Valmex ADRs only. All percentages are based on the closing price of the shares on the last day of distribution. All percentages are based on the closing price of the shares on the last day of distribution. All percentages are based on the closing price of the shares on the last day of distribution.

[illegible]

figures based on prospectus or other official estimates. ¹ Pro forma figures. ² Dividend total to date. ³ Dividend; ⁴ ex scrip issue; ⁵ ex rights; ⁶ ex distribution.

[illegible]

Property		
42	Brit. Steel	36
43	Control Sacs	4
44	Land Securities	45
45	MFC	2
46	Metcalf	13
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Age Group	Percentage of Respondents
18-29	85%
30-49	80%
50-69	75%
70+	70%

Albanian joy echoes round an Italian port

John Wyles in Brindisi witnesses the arrival of refugees eager to begin a new life

MORE than four decades of imprisonment inside their own borders ended yesterday for nearly 4,500 Albanians in a dawn crossing of the Adriatic and an explosion of hope for the new lives to be built in the West.

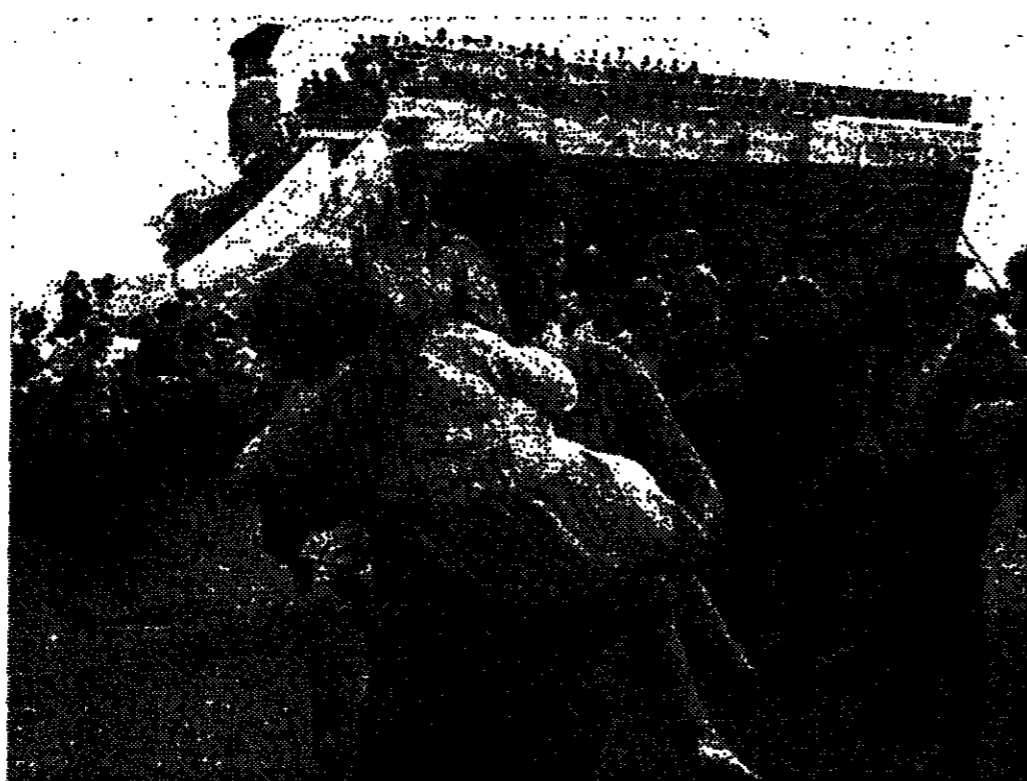
At precisely 9am, cries of "Italia, Italia" echoed across the water even before the Espresso Grecia had fully rounded the entry into wily, sun-scorched Brindisi harbour. Cheering and waving excitedly, the predominantly young, mainly male groups crowding the rails could at last begin to believe in the success of their exodus.

Another three ferries were needed to bring into Italy all of the 3,700 refugees who had been seeking shelter for up to a fortnight in the German and Italian embassies in the Albanian capital, Tirana. A fifth vessel carrying about 500 from the French embassy sailed directly to Marseilles.

The early disembarkations from the Espresso Grecia were made to the sound of ambulance sirens as 14 injured or unwell passengers, seven of them children, were taken to hospital.

The toll of the past days and weeks could be seen on many faces as people shuffled across the deckside to tables of drinks and refreshments.

The men, some barefoot, were nearly all gaunt and grubbily dressed in faded summer shirts and flared trousers fashionable in western Europe 15 years ago. The women smiled anxiously, many burdened by babies or the catches of barefoot toddlers trotting uncertainly at their sides.



Free at last: A refugee with a child walks from the ferry Espresso Grecia

This may have been their first day out of Albania, but many were no strangers to Italy. Gertrude, a 23-year-old wearing a wide smile and a brilliant yellow skirt acquired from the Red Cross, had learnt Italian from the RAI television network, which is easily picked-up in Albania. She was heading for Germany on one of the three special 20-carriage trains, which, as a result of miserly planning and execution by Italians and Germans,

were threading northwards by mid-afternoon with 3,000 Albanians aboard. At the same time, another 800 Albanians had been transferred to an Italian reception camp six miles outside Brindisi.

"I don't think I shall stay in Germany. I want to join my grandmother in New York," said Gertrude, hugging her father. She had no regrets about leaving Albania nor a refrigerator manufacturing

plant in Tirana. "I worked for nothing. It is too difficult to live in Albania," she said. Many were like Gertrude, economic rather than political refugees. Paret Derani said he was an exception. He had learnt English and French during the 28 years he spent in prison for political offences. By all accounts, the journey from the embassies to the port of Durazzo, about 25 miles from Tirana, and the embarkation there for Italy, went

smoothly. Mr Derani, 66, and clearly fighting exhaustion, said that the dead-of-night journey by bus through Tirana was illuminated by applause from balconies. "It was marvelous to see," he said.

Among the passengers on the Apollo, the second ferry to arrive, was a group which instantly attracted a disbelieving eye. The women were in high heels and cocktail dresses, while the men could have been Italian tourists dressed for a smart holiday.

"Everyone in Albania knows the name. We are the Tabaku family and together we have done 100 years in prison," said an indomitable Nevres Tabaku, who was determined to join her brother and son in the US. She had, she said, served three years behind bars after being reported to the authorities for saying "Italy is a marvellous country." Her brother Yuli had served 27 years for more serious political crimes.

Posing for press photographs, 59-year-old Nevres bridled at the suggestion that she looked "bourgeois," until the journalist explained that this was not a term of abuse in the West. That may be part of its attraction for her and her fellow refugees.

Reuters adds: Italy, France and West Germany temporarily closed their embassies in Tirana for a cleanup yesterday hours after the refugees left, officials said.

In Bonn, a Foreign Ministry spokesman said the West German embassy was in an unimaginable state and he did not know when it would reopen.

Reformer in the shadow of the old guard, Page 6

A final demand from Ferranti

For Ferranti's battered shareholders, yesterday's 246.3m rights issue is third time unlucky. The 25p rights price is the same as that of the phantom issue announced in January and then pulled on the sale of the radar business to GEC. Then came the standby convertible issue, designed as a backstop should the sale of Marquardt not go through on time. Marquardt has not been sold, but instead the convertible, which would have yielded an initial 20 per cent, shareholders are now offered equity which in the foreseeable future may produce no yield at all.

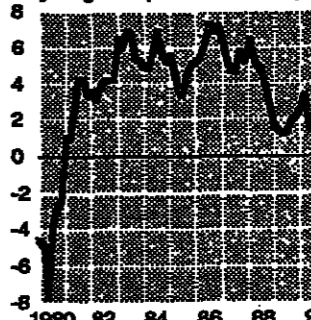
Ferranti's financial position, never simple at the best of times, has become impossibly complex. After asset sales of 240m, it has £185m in cash and £255m in borrowings. The cash, however, is held on deposit as collateral by Ferranti's bankers, who have had to underwrite performance bonds on Ferranti's contracts to keep it in business. The cash will now apparently be released, leaving the group with £70m of net debt and £47m to play with.

It is hard to see why shareholders should throw good money after bad. The issue has been underwritten by a group of institutions owning close to 25 per cent of the equity. Should the issue flop, they will have almost 40 per cent. By now, Ferranti's future has become a matter to be thrashed out between two rival consortia, one holding debt and the other equity. Smaller shareholders would be advised to get out of the way.

FT Index rose 10 to 1,890.1

Real Gilt Yield

25 yr High coupon minus RPI (%)



crunch at a time when US corporate debt is high, earnings are weak and the market is trading on 15 times earnings ought not be the stuff of a sustained rally.

Oil

There have been many false dawns before, but there are signs that Opec is at last getting its act together. UAE's agreement to a quota of 1.5 million barrels a day and the Saudis' acceptance of a lower percentage share of total Opec volume have pushed the August crude oil future price above \$19 a barrel. Hope is high that Opec can agree a 22.5m barrel daily quota at its forthcoming meeting.

But it would be wise not to get too carried away, as the market did when the price touched \$23 a barrel early this year. The new quota, even if agreed, might only last for the third quarter. And US stocks, although lower than they were a few weeks ago, are still 48m barrels higher than they were a year ago. The most encouraging element for the oil bulls is that, though the price remains volatile, the trading range has been steadily moving higher year by year since 1984.

The majors have been prospering most from the oil price rebound, after a series of downgrades had caused underperformance earlier in the year. But the pound's strength means that the UK independents are seeing little benefit; the sterling oil price is stuck at \$10 per barrel.

Abbey National

Move over Midland Bank: Abbey National has arrived. A year after Britain's second biggest building society converted itself into a bank, Abbey's £2.8bn stock market capitalisation

tion means that it should be rightly considered as one of the big four high street banks in the UK. Its shares hit an all-time high this week, which is more than can be said for the rest of the sector.

There were plenty of reservations when Abbey came to the market. It raised more capital than it needed; it was far too dependent on a single product - home mortgages - and its rate of growth was set to slow markedly. All of these points still hold true, yet Abbey's shares have been the top performers in the banking sector since its flotation. It has benefited from rising worries about the clearing banks' growing domestic debt problems by virtue of its virtually risk-free loan portfolio and a low cost/income ratio. It is well capitalised, but unlike the TSB has not made the mistake of wasting capital on prestige diversifications. Its shares are on a prospective yield of under 6 per cent, or more than a fifth below what Barclays and NatWest offer. There is something to be said for a bank which sticks to what it knows.

Property

The silly season in UK property shares has begun. That is the logical conclusion from the unwarranted 2 to 3 per cent drop in the blue-chips, such as Land Securities, prompted by rumour about Trafalgar House and Rosehaugh.

Given the well-worn themes of high interest rates, a glut of office and retail space, a "buying strike" by institutional investors, the fact that Trafalgar House might be taking a fresh look at the value of its £300m-odd UK development portfolio should not have been unexpected. As for poor, delinquent Rosehaugh, a sliding share price compelled it yesterday to say that it had sold £70m worth of properties since January. Again, this put little new information in the public domain, beyond the fact that Rosehaugh is doing better than most observers were expecting.

The stock market's nerves stem from a relative scarcity of hard information over the summer months about the general condition of the direct property market, and of property company finances. Sadly, the likely foreseeable end to this period of limbo is a string of failures of small or medium-sized property companies this autumn, when developers and their bankers have abandoned their more unrealistic expectations about how much space they can let and sell.

Saatchi may restructure overseas agencies

By Alice Rawsthorn

SAATCHI & SAATCHI, one of the world's largest communications companies, plans a radical restructuring of its two international advertising agencies, Saatchi & Saatchi Advertising Worldwide and Backer Spielvogel Bates.

At present the two agencies operate under the conventional structure, working independently with separate offices all over the world. Mr Robert Louis-Dreyfus, Saatchi's new chief executive, is now considering proposals to merge some of the smaller offices in Asia and Latin America. They will continue to operate independently in Western Europe and North America.

The Saatchi proposals represent a dramatic departure from traditional practice in the advertising industry. All the

other communications companies with dual advertising agencies - Interpublic, Omnicom and WPP - adopt the conventional structure.

The conventional wisdom in the industry is that international agencies must be run independently in every country so multinational clients are satisfied that there is no risk of confidential information falling into the hands of competitors.

There is some evidence that clients are becoming more liberal on confidentiality. In any case, many of Saatchi's multinational clients do not operate in the smaller markets of Asia and Latin America so there is no threat of conflicts.

Given that the cost of operating two agencies in these smaller markets is so high, Mr Louis-Dreyfus is keen to work

out ways of pooling SSAW and BSB's resources without jeopardising client confidentiality.

The merger proposals are still at a preliminary stage. Saatchi has not yet decided which countries will be affected. These issues will be discussed by Mr Richard Humphries, chief executive of SSAW, and Mr Carl Spielvogel, chief executive of BSB, at a meeting in New York early next month.

Mr Humphries said SSAW and BSB may merge administration and central resources, such as media buying and production, in some Asian countries. Client service, including strategic and creative work, would continue to be handled independently. The agencies may also open joint offices when they move into east-

ern Europe. In Latin America, the mergers might be limited to corporate structure.

Mr Humphries said SSAW and BSB might continue as independent operations, but it could be easier to extract profits if they were owned jointly.

The merger proposals are an indication of Mr Louis-Dreyfus's determination to take control of Saatchi's communications interests. He arrived at the company in January to tackle its financial problems.

Saatchi is burdened by hefty debts inherited from its acquisitions in the 1980s. Two months ago Mr Louis-Dreyfus dismissed Mr Roy Warman and Mr Terry Bannister, joint chief executive officers of the communications companies, so he could run those companies.

US markets rally as Fed aids interest rate drop

By Janet Bush in New York

US FINANCIAL markets ended the week on an enthusiastic note as the US Federal Reserve, the central bank, confirmed it had engineered a small drop in interest rates.

On the stock market, the Dow Jones Industrial Average at one point surged above 3,000 in heavy buying and Treasury bond yields dropped modestly. The dollar recovered following its fall on Thursday after Mr Alan Greenspan, the Fed chairman, said he was preparing to ease monetary policy in response to a credit crunch.

The Fed yesterday confirmed it was easing monetary policy by adding funds aggressively to the banking system to take the Federal Funds rate - at which commercial banks lend to each other overnight - from 8 1/2 per cent to around the 3 per cent level. This is the first time in six months the Fed has moved its target for the rate.

The move came in spite of economic data showing the underlying rate of US inflation still rising modestly. Excluding food and energy, the Producer Prices Index added a larger than expected 0.6 per cent in June. However, the negative impact of this was mitigated by the fact that upward pressure on prices appears concentrated in tobacco and passenger cars.

There was also news of a 0.5 per cent gain in retail sales in June, the first monthly rise since January. However, economists said that June's gain did not alter a picture of sluggish consumer spending.

The equity market has been increasingly worried about the impact of a slowing economy on corporate profits and was relieved by the Fed's actions.

In early afternoon trading, the Dow Jones Industrial Average briefly slipped back a little to 2,998.37.

The dollar was quoted at ¥148.00 from an early low of ¥146.50 and at DM1.6455 from DM1.6380 earlier.

Non-durables push up retail sales, Page 2

Opec firm on quotas as price rise continues

By David Thomas and Victor Mallet

OIL PRICES continued their surge upwards yesterday, as it became clear that the Organisation of Petroleum Exporting Countries was determined to cut output from member states exceeding their Opec quotas.

Prices of Brent oil for September delivery closed up 87.5 cents at \$17.80, bringing to almost \$2 the rise in Brent prices since Monday.

Analysts warned that petrol prices might rise if these levels were sustained.

However, some traders questioned Opec's ability to implement fully an agreement on cutting production. There is still the same credibility gap as to whether they will do it. But the sentiment in favour of a cut seems stronger than usual, one trader said.

Oil prices rose sharply in New York on Thursday on reports, confirmed yesterday by the United Arab Emirates Oil Minister, that the UAE, one of the most persistent breakers of Opec production quotas, would cut its output by about 400,000 barrels a day (b/d) to 1.5m b/d.

Kuwait, another leading quota breaker, seems increasingly inclined to cut its output by 300,000 b/d to its quota of 1.5m b/d following pressure from its three powerful neighbours, Saudi Arabia, Iraq and Iran.

Saudi Arabia is reported to be ready to see its share of Opec output temporarily decline from the 24.46 per cent level it traditionally maintains.

Iran and Iraq have recently found common cause in the need to raise oil prices to finance the reconstruction of their war-torn economies.

Both Iran and Iraq have spoken of a \$25-a-barrel target for oil prices, although yesterday Iran and the UAE set targets of \$20 for the Opec meeting in Geneva on July 28. The Opec reference price is currently \$18.

These latest moves followed diplomatic activity this week among the Gulf states ahead of the Geneva talks. Opec leaders hope to sign an agreement cutting their combined output to below 22.5m b/d from current levels of 23.1m b/d.

However, the failure to abide by previous Opec agreements was one of the main factors which helped to boost oil stocks and drive down prices by a third in the first half of this year.

Inflation at 9.8%

Continued from Page 1

- dropped very slightly from 7 per cent to a yearly rate of 6.9 per cent. Officials said this was still too high: the EC average was 5.5 per cent in May.

Both rates would have risen more if the headline rate through the 10 per cent barrier to 10.1 per cent - had not seasonal food fallen by 4.3 per cent.

This was largely a consequence of fresh fruit and vegetable imports made cheaper by a stronger pound. Fresh vegetables fell by 13 per cent, and eggs and home-killed lamb were also cheaper.

The unexpected drop is against the trend of strongly

rising food prices. It was the largest fall since mid-1987 and is in sharp contrast with the beginning of the year, when food price inflation was 15 per cent.

The prices of all non-seasonal foods except beef, however, continued to rise to an annual rate of 8.4 per cent and were set to rise further, the CSO said.

The authorities stressed that the inflation outlook was poor. Although all of the March Budget increases had now worked their way through the index, there were electricity charges still to come and the brewers' intention to raise beer

prices by up to 6p a pint would lift the index 0.4 percentage points to well above 10 per cent.

The Treasury warned that inflation would hover around 10 per cent "for some time."

Mr Alan Beith, the Liberal Democrats' Treasury spokesman, said: "With figures like these, how can we accuse the Germans of not having the right system for controlling inflation?"

The RPI in June was 126.7 (January 1987-100) from 126.2 in May. The tax and price index was 119.9, showing an unchanged annual increase of 8.1 per cent.

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WG GRACE

Sporting superstar, cheat and shamateur



only the next ball," was perhaps his most famous dictum. It is said that the only time he was seen flustered at the crease was as he waited for the ball that might give him his hundredth hundred.

Important though these things are, they tend unfairly to overshadow WG the daily, functioning cricketer whose burgeoning weight made him adopt a very different approach to that which he had originally employed. A fast-medium slinger became a slow-medium purveyor of assorted wiles, and a fleet-footed, fast-scoring batsman evolved out of necessity into something more immobile and stolid. Such was his robust common sense, allied to seemingly ageless nerve, muscle and eye, that he was able to make and sustain these crucial transitions with relative ease.

professionals. At luncheon the two classes usually ate separately, while the apartheid extended fully to away matches: first and third-class rail travel, separate hotels. Nor was that all.

Amateurs called professionals simply by their surname, but the professionals would always say "sir" or "Mr." and score cards and match reports followed hierarchical suit by printing the initials of the amateurs, but not those of the professionals. More informally, but still more visibly, there was even a separate sartorial code: the professional wore what had become standard cricketing outfit (all white, no great display of colour), but the amateur was often beset in an ostentatious cap and, off the field, a gaily striped blazer. There was, in fact, no mistaking the difference, as indeed there was not meant to be.

W G's bowling from the 1870s was to his contemporaries a source of wonder tinged with amusement. (His) success," wrote Lord Harris, "was largely due to his magnificent fielding to his own bowling. The moment he had delivered the ball he took so much ground to the left as to be himself an extra mid-off, and he never flunked a return however hard and low it came."

In the autumn of 1897 the Sportsman put forward a suggestion, quickly seen by the cricketing community as entirely fitting: namely, that the annual match at Lord's between Gentlemen and Players, usually held in the second week of July, should the following summer be put back by a few days so that it could begin on Monday the 18th, WG's 50th birthday. At the annual meeting in December of the county cricket secretaries this was unanimously agreed upon, with the added provision that the rest of the first-class fixture list would be kept almost entirely clear so that the MCC committee would have the freest possible hand when it came to choosing the two teams.

The Victorian public had long called WG the Old Man, years before he was, even in cricketing terms, such was the deep-felt satisfaction in the continuing "miracle" of his preservation as a top-flight performer. Now he really would be two score and ten, and the celebrations could begin in earnest.

After a brief, mid-Victorian era of player power, the game settled down into a daily ritual of class-based apartheid. Its forms were manifold and pervasive. Almost invariably the amateurs and professionals changed in separate dressing rooms and came on to the field of play through separate gates — the professionals emerging from a side gate, the amateurs from the pavilion.

The changing facilities for the professionals were often shabby, and The Times in March 1898, welcoming the attention given to players' comfort in the new pavilion at the Oval, referred to how "the old professional box tacked on to the Pavilion at Lord's is always an eyesore to many of the Marylebone Club members." At Old Trafford, where a new pavilion was built in 1895, three bathrooms were allocated for the amateurs, one for the

Unfortunately for the smooth running of the system there was one snag: though everyone knew that the difference between the two classes of cricketer was in essence one of social background, the trouble was that not all those naturally more comfortable on the amateur side of the divide could afford to obey the ordinance (as resolved by MCC in 1878) "that no gentleman ought to make a profit by his services in the cricket field." In other words, as first-class cricket became an increasingly full-time commitment, with an ever-further county and international programme, so it became very difficult for many amateurs to play in a sustained way solely for "expenses," even allowing for a liberal definition of that often contentious term. The consequence of this was widespread "shamateurism," a covert practice that could not help but fuel much rumour, ill-feeling and controversy. It was a practice that took many forms — gifts, testimonials, season tickets, salaries for pseudo-posts like "assistant secretary" and suchlike — and has been well documented by recent historians.

Moreover, the greatest shamateur of the lot was WG. During the early part of his career he not only played on a paid basis for the United South of England (later the United England Eleven), but in the 1870s also ran it on a profit-making basis, maximising his ability to attract large crowds willing to pay a shilling a head, rather than the usual sixpence, to watch him bat. When he went to Australia in 1873-4 his fee of £1,500 was a staggering 10 times what each of the professionals earned for the tour.

When he played for Gloucestershire he charged a minimum match fee of £20. In 1879 the MCC's testimonial match raised almost £1,500 for his medical practice. In 1891-2 he returned to Australia, charging the tour's patron, Lord Sheffield, the princely sum of £5,000 — again some 10 times the going rate for a professional — as well as wide-ranging expenses for himself, his wife and two children, together with the cost of a locum. Altogether, it has been estimated that WG earned through cricket at least £120,000, which works out in present-day terms at some £70,000 per season.

WG Grace's Birthday Party, by David Kynaston, is published by Chatto & Windus on July 13, price £12.95.

HERE WAS no-one in the late 19th century who came remotely in sight of his career achievements, let alone his unique standing in the game. So many "firsts" were his... first to score a triple century, first to score a century in his first match against Australia. If one accepts — as one should — that one can only judge a performer by his contemporaries, then WG Grace was the *nonpareil*.

His personal background has entered the mythology of the game: the father, a also-loying general practitioner on the outskirts of Bristol; the mother a formidable woman who schooled her children in the arts of the game and justly won herself a place in the births and deaths section of Wisden Cricketers' Almanack.

But was WG really a "doctor"? Yes, eventually, after 12 cricket-interrupted years at medical school and an MCC testimonial match that secured him a practice in Bristol. As to what sort of doctor, the truth is impossible to determine.

Conan Doyle (who knew WG well) would later write about his "huge frame, swarthy features, bushy beard, and somewhat lumbering carriage," before going on to describe him in his "giant west-England build, there was, as it seemed to me, something of the gypsy in his colouring, his vitality, and his quick, dark eyes with their wary expression. The bright yellow and red cap which he loved to wear added to this Zingari effect."

The cap was an MCC one and almost invariably it perched, tiny and incongruous on his huge head, as he batted, bowled or fielded. But if that aspect was mildly unexpected, much more so was his voice which, with a strong West Country burr, was high, quick, caustic, especially when he was excited — which on a cricket field he often was. Of course, it has often been wondered how he managed to keep such a huge frame going through an unprecedentedly long career, especially from the early 1890s, when he was well into his 40s. The answer must be willpower and native stamina, never better shown than during three days at Gravesend in May 1895 when, scoring 257 (last man out) and 73 not out against Kent, he was on the field throughout. Some have claimed, perhaps improbably, that he was careful with his diet: certain it is that, during luncheon intervals, he confined himself in terms of drink to a large Irish whiskey with

The process by which sport became a multi-billion dollar strand of the entertainment business can be traced to fin de siècle Victorian England, and to a mighty cricketer, WG Grace. In an extract from his new book, David Kynaston describes sport's first authentic superstar.

Angostura bitters and soda. But whatever his regimen, such cricketing longevity was in great measure a triumph of mind over matter.

It was a mind of character rather than depth. In the oft-quoted words of an old friend, "WG was just a great big schoolboy in everything he did." There was indeed much of the overgrown schoolboy about him: the boisterousness, the enthusiasm, the love of practical jokes, the willingness to engage in argy-bargy, above all the supreme lack of self-consciousness.

He also shared a schoolboy's dislike of soap and water: one wicket-keeper described him as the dirtiest neck he had ever kept behind, and WG expostulated: "We Graces ain't no bloody water spaniels."

At Cambridge one year some prominent cricketers were discussing how to deal with the break-backs of a particular bowler. When eventually they asked WG for his opinion, he simply replied, as if stating an unassailable truth: "I think you ought to put the bat against the ball." Or again, when it came to teaching his own children how to play, he would just take a bat and say: "This is the way to do it."

Yet the schoolboy analogy has its limitations, for at the heart of WG's character there lay a dichotomy between a general kindliness, especially towards the young, and a strong streak of the autocrat, often rather arbitrary in disposition.

"How are you getting on? Are they looking after you properly?" he would call out at luncheon to a young player on the visiting side, or "Clad you had that one and not me" would be his invariable and effective words of consolation to one of his young players dismissed cheaply, but towards a Radical in politics, or an umpire who had

given him out leg-before, or a member of the Gloucestershire committee who attempted to interfere in matters of selection, his resentment would be sharp and unforgiving.

The first modern sportsman to be a "superstar," WG handled his novel position in English life with instinctive shrewdness, the very quality that had won him fame in the first place. Nevertheless, the great imponderable remains: was WG a cheat? Anecdote alone points to a conviction. In 1878, against Surrey at Cheltenham, the ball, having been thrown from the outfield, caught in his shirt and he ran three extra runs before he was prevailed upon to stop. Four years later, in a Test at the Oval and with the ball manifestly dead, an Australian batsman went down to pat the pitch only for WG to whip a ball off and secure his dismissal.

In 1893 an umpire again yielded when a Motts batsman played a ball leg-before having made only six. He went on to add a further 384 against the local 22, attaining the highest score of his career in all cricket. Yet it is hard not to feel that, rather than being a systematic or

conscious "cheat," WG was someone so passionately committed to the game, and his success in it, that at times he pushed the parameters of fair play beyond legitimate bounds.

Typically, he always began outdoor practice during the bitter winds of March as captain he would forgive anything but slackness. He also had the inestimable gift of nervelessness. "There is no such thing as a crisis in cricket,"

the field, talking non-stop and appealing almost as often, even though he usually fielded square of the wicket. Many umpires, moreover, were afraid to give him out, including one at Grimsby in 1876 when the great man was palpably leg-before having made only six. He went on to add a further 384 against the local 22, attaining the highest score of his career in all cricket.

Yet it is hard not to feel that, rather than being a systematic or

The deposits that become untouchable

STATISTICS ARE too often the stuff of confusion, but this can be especially true in the area of savings. Official statisticians use a measure called the personal savings ratio, which has plummeted in Britain from about 13 per cent to 5 per cent over the past decade: the comparable figure is 12 per cent in Germany and 15 per cent in Japan. The implication, some say, is that the British are shortsighted and imprudent, and are badly in need of a few lessons in thrift from friendly advisers such as (poor Nicholas Ridley) the Germans.

When you look at the savings industry, however, you find that it is thriving as never before. Between 1976 and 1989 personal sector financial assets rose from £130bn to £1,055bn. That represents a compound growth rate of 16.2 per cent, and although there is a lot of inflation in those figures, the real growth rate was still 6.5 per cent a year.

These financial assets, moreover, exclude the value of owner-occupied houses, which could be worth over £700bn net of related mortgage debt. The British, you could argue, have invested extremely successfully: their pension schemes are over-funded, their lucrative life assurance plans are currently paying out record bonuses, and their homes are self-financing, and more. No wonder the consumer is hard to squeeze.

Such thoughts are stimulated by a strategic review of the UK personal savings market produced by

the National Westminster Bank's market intelligence department. David Kern, the Bank's chief economist, has tracked a measure called the financial savings ratio, defined as the proportion of personal disposable income that flows into financial assets. This FSR has actually risen during the past 20 years, from about 13 per cent during the early 1970s to 17 per cent more recently. There is no sign of a savings slump here.

The reason, you will already have spotted, is that one is a gross and the other a net measure. Parallel with the savings boom has been a tremendous decade for the UK's banking industry, providing enormous growth for banks and building societies both as savers and lending institutions.

In the 1970s, remember, the banks had to limit their lending to an annual target figure. They picked up all the deposits they needed from cheap captive personal accounts (mostly non-interest-bearing current accounts) and the wholesale money markets. As far as savers were concerned this created something of a vacuum, thanks to which the building societies sharply raised their share of the deposit market up to 1985 by offering reasonably serious interest rates. But since then the banks have moved in with competitive savings products.

The stakes have grown higher here since the public became disillusioned with the

The Long View



When short-term savings take on the role of long-term investments it is wise to expect that the contradictions will eventually have to be resolved

stock market after the 1987 crash. Before that, only between 50 and 60 per cent of financial savings flows were going into deposits, but the

proportion has subsequently jumped to some 75 per cent — reflecting not only suspicion of the stock market but also the sharp rise in interest rates. NatWest's own top rated deposit product, called Crown Reserve, attracted £1bn in its first three months.

Until the past couple of years liquid financial assets have generally been unattractive, even in terms of convenience. In the mid-1970s interest rates were heavily negative, often to the tune of minus 5 to 10 per cent. The fiscal regime has been adverse too, compared with non-liquid investments such as in pension schemes. So non-liquid assets have grown 5 per cent a year faster than deposits in the 1976-89 period.

Financial deregulation has helped to change this, however. The surge of lending has fostered a corresponding demand from the banks and building societies for deposits. This has pushed up real interest rates, a move first presented by the Government as a temporary response to a short-lived boom but now seeming a more permanent feature. The Government is busy improving the fiscal regime for deposits, by abolishing the composite rate on deposit interest and introducing the TESSA deposit interest tax shelter.

Looking to the future up to the year 2010, David Kern sees a continuing enhanced role for liquid assets in the savings market. They will still grow less fast than non-liquid assets, but by a much smaller margin

— less than 2 per cent a year. Perhaps as a bank economist he would say that, wouldn't he? But there is logic in the argument. Once the Government has permitted a vast volume of almost instantly accessible deposits to build up (some £300bn for the personal sector, equivalent to over 50 per cent of GDP) it must then keep short-term rates very high in order to make sure those deposits are not spent.

Then, as high interest receipts accumulate on a compound basis, the growth rate of liquid assets will be very high. Such a pattern could easily make monetary control more difficult and could prove dangerously inflationary. But the more intriguing question is how these trends could survive entry to the ERM, let alone Europe's monetary union. Take away the currency risk and borrowing long in D-Marks to invest in short-term sterling instruments would become a painless way of making instant profits. Karl Otto Pöhl of the Bundesbank would indeed soon be over to tell the British that a yield curve ought to slope the other way — that is, investors must be prepared to commit themselves to a term of several years in order to receive an attractive interest rate.

The bankers at NatWest can dream. If they like, of a deposit-filled future. But I guess that the British banking system will not in practice be given such a free rein in this decade as it was in the last.

CONTENTS

Finance: Barry Riley charts the chartists

Food and Wine: The wines of Montalcino and Montepulciano

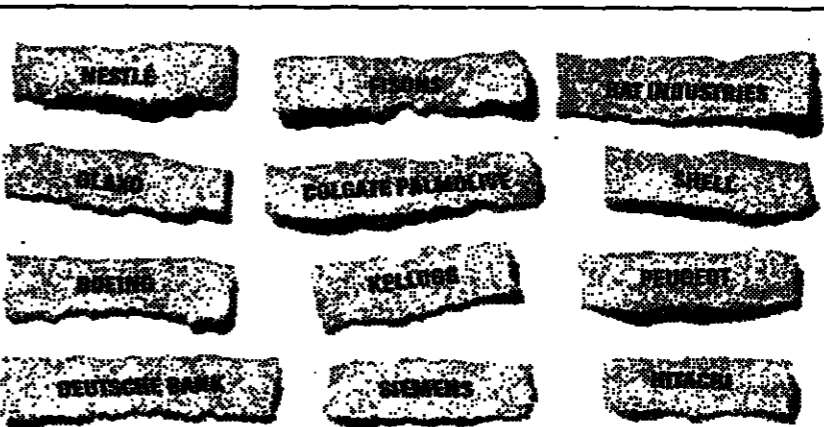
Perspectives: Tom Fort looks for a bite in Transylvania

Gardening: Robin Lane Fox on the mystery of green fingers

How to Spend It: The renaissance of British couture

Travel: India in Focus

Arts: XX-XXI: China: X: Food: X: TV and Radio: 100
Books: XV: Crossword: XIV: Gardening: 100-101: Travel: 100-101
Bridge: 100-101: Finance & the Family: 100-101: How to Spend It: 100-101



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MARKETS

FINANCE & THE FAMILY: THIS WEEK

The future, as seen in the charts

Barry Riley reports on how the chartists view the future direction of the UK stock market. Plus Sara Webb with options for Globe investors. Page III

Advice for amateur analysts

How can small investors gain access to the kind of corporate information that the institutions use? Chris Hession reports. Plus how Midland aims to change the banking world with its Firstdirect telephone banking service, and a timely reminder for water investors. Page V

Get away from the taxman

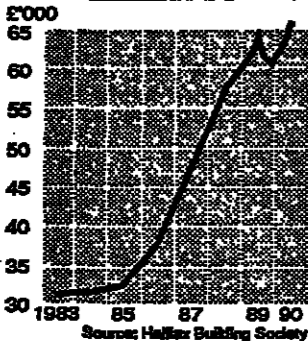
Donald Ellis gives a general guide for would-be and first-time expatriates. Page VI

Minding your own business

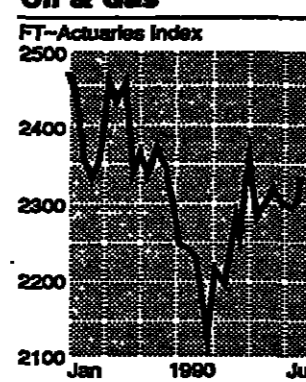
Greg grows exotic mushrooms, Joy wants to set up a golf course. Andy believes his invention will revolutionise the plastics moulding industry and Nuala, with her flair for marketing, turned over £560,000 in the last year selling computer equipment. But what do they have in common? Roy Hodson reports on a business course for high-fliers. Page VII

BRIEF CASE: Trust for a grandchild - Page VI

Average house prices



Oil & Gas



Slight rise seen in house prices

House prices in the UK rose by 0.3 per cent last month, providing a faint glimmer of hope of a recovery in the housing market. According to the Halifax building society, house prices have risen by 1.5 per cent since the start of the year. Prices are still rising in the north of England and Scotland, but continue to fall in the south of the country. The Halifax said it expects to see a limited fall in UK house prices, mainly in the north, during the rest of this year. It does not expect house prices to recover until mortgage rates start to come down, probably next year. Much of the activity in June has been due to first-time buyers entering the market. Prices for first-time buyers have risen by 1.4 per cent in the last year with the average price paid for a home now just under £52,000. Sara Webb

Oil prices rally after output deal

The downward pressure exerted on crude oil prices for much of this year was eased considerably this week: prices rallied after the United Arab Emirates agreed to reduce output following a meeting with King Fahd of Saudi Arabia. OPEC ministers are scheduled to meet on July 25. Oil and gas shares, tracking the trend in sterling oil prices, have been hit by the rise in the pound. This week brought a series of substantial profits downgrades in BP and Shell from influential broking firms such as Smith New Court, Nomura and Hoare Govett but share prices preferred to respond to the message from the crude oil markets. Kleinwort Benson is bullish on the oils. "We may have seen the bottom of the oil price and the oil sector," said Kleinwort's Philip Lambert. Other oil sector specialists preach caution - "the oil company reporting season in August will not be good," said BZW. Stephen Thompson

Prudential to close 175 estate branches

Prudential Property Services, the estate agency arm of the Prudential group, is closing 175 of its branches in order to cut losses. High interest rates and the fall in house prices have greatly reduced commissions for estate agents in the UK. The Prudential owned the largest estate agency chain in the UK, but the cuts will mean it now ranks fourth in size. The Prudential will be left with about 500 branches. Most of the cuts will be in areas where there are already too many estate agents or where prospects of recovery are weak. The group said that it would transfer its property listings to the nearest branch wherever possible. S W

Whittingdale launches money market fund

Whittingdale, unit trust managers, is launching a money market fund next week, offering an annual income of 15.2 per cent gross. Income will be paid once a year, net of income tax, but non-taxpayers will be able to claim the tax back. The City Reserve Fund is an instant access fund aimed both at private investors and companies. The minimum investment is £10,000 and there is an annual charge of 0.5 per cent. S W

Footsie takes dislike to Thatcher's friends

THIS COULD be the career move Nicholas Ridley has been longing for. Forget Cabinet status or the chance to act as an official Government adviser: those positions have lost their old prestige and influence.

These days only one Prime Ministerial invitation makes the hearts of ambitious politicians and economists beat faster: to be truly unassailable you have to become a family friend of the Thatcher.

The financial markets must be hoping they never come across the Thatcher family's enemies, given the unsettling effect on equities and sterling of Sir Alan Walters' latest book, and the trade secretary's measured analysis of European unity.

The potent and unstable Ridley/Walters combination aggravated technical factors in the equity market. For example, on Wednesday, the leaking of Sir Alan's caustic comments on possible British entry of the

exchange rate mechanism of the European monetary system, combined with profit-taking in the currency market to drag sterling back from close to DM3. That set off ripples of buying interest in equities (some investors thought the squeeze on exporters was relaxing), market-makers were caught with too little stock and Footsie surged 33 points on the day.

The official Treasury line on Wednesday - that Sir Alan was a private citizen entitled to his own views - was no doubt delivered through gritted teeth.

Sifting out the real economic news has proved more difficult. Yesterday's retail price figures for June were actually slightly better than expected, although the rate of inflation climbed from 9.7 per cent in May to 9.8 per cent last month. But equity investors must have considered that technical factors had already pushed Footsie up sufficiently for the week and the index rose only 11.7 points on

the day. Footsie's 42.2 point increase since last Friday's close looks a fair reflection of the week's news, even if it was reached by a roundabout route.

The market has been held back somewhat this week by analysts' caution about company earnings. They have continued to reduce their forecasts for this year's corporate profits. Predictably, the downward bias has hit retailers and construction companies; forecasts for oil companies such as Shell and BP, affected by a weakening oil price in the first half of this year, were also trimmed back.

So far, so logical. But the strengthening pound is now prompting some analysts to question the virtues of overseas earnings. That can only confuse those shareholders who, until recently, were being urged to invest in companies with strong earnings outside the UK for shelter against domestic recession.

HIGHLIGHTS OF THE WEEK

	Price	Change	1989	1990	
	Today	on week	High	Low	
FT-SE 100 Index	2382.2	+42.2	2463.7	2103.4	Squeeze on marketmakers
Aktia Bros	180	+40	200	130	Bid approach
Aviva Petroleum	28	-13	47	24	Disappointing drilling report
Bank of Ireland	220	-19	286	214	Irish broker downgrades forecast
BP	336	+16½	362	302	Oil price optimism/OPEC meets Jul 25
Carlton Cinema	480	-65½	510	432	Brokers' 'sell' notes
Connell	140	+21	205	118	Revived bid speculation
Fuller Smith & Tye A	410	+37	415	385	Shs pub purchase
Granada	220	-30	357	209	Leisure sector depressed/SSS costs
Hawker Siddeley	548	-62	741	531	Profits warning
Micro Focus	603	+95	603	446	Schwabers 'buy' recommendation
Moscow	60	-54	175	50	Warning of first-half loss
Scottish Heritage	78	-27	120	78	Profits warning
Spyhawk	286	+44	358	96	Bid speculation persists
Trafalgar House	276	-34	382	264	Brokers cut profits forecasts

PERHAPS the British Prime Minister should send a note of gratitude to Alan Greenspan, chairman of the US Federal Reserve, for helping sterling survive the outburst by her Trade and Industry Secretary.

The Dow Jones Industrial Average, which vaulted to a record high on Thursday, was not the only beneficiary of the Fed chairman's timely hint that the central bank would allow US interest rates to fall to offset a credit contraction by the troubled US banking sector.

Sterling had plunged after the publication of trenchant anti-German remarks by Nicholas Ridley on Thursday and the ensuing European political storm, but recovered smartly as the dollar plunged on the prospect of lower US interest rates.

A great deal can happen in three weeks. On June 25, Margaret Thatcher uncharacteristically held her peace as European Community leaders committed themselves to becoming negotiators for EC political and monetary matters. After Ridley's outburst, that attempt to appear pro-European carried less conviction.

Three weeks ago, Greenspan and his colleagues at the Fed continued to maintain that there was not much evidence of a credit crunch in the US economy but that was before the reversal of President Bush's "no new taxes" pledge on June 28.

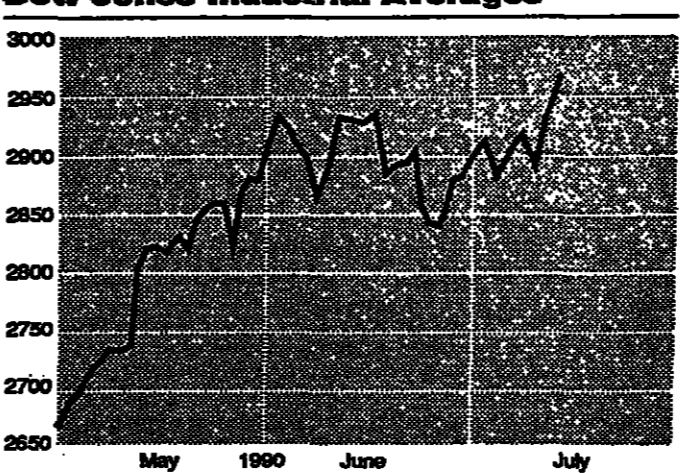
Thursday's statement by Greenspan that the Fed was poised to ease monetary policy in response to a credit contraction seems to be part of a deal with the Administration: if President Bush were to concede the principle of higher taxes, the Fed would allow interest rates to fall.

Stock investors have been hoping for an easing in inter-

WALL STREET

Towards the 3,000 barrier

Dow Jones Industrial Averages



est rates all year and this is what they think they have now got. The surge on Thursday to a record high of 2,989.30 was not the result of programme trading or speculation but of solid buying.

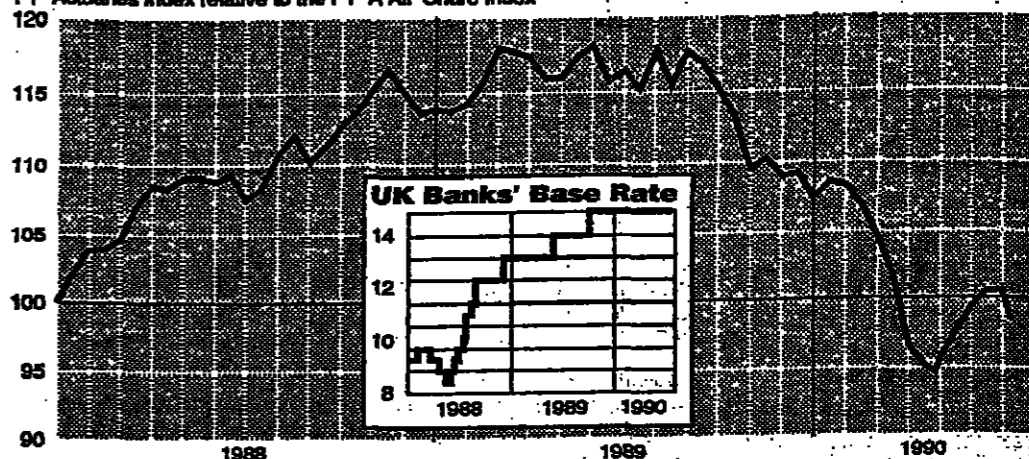
The rally in blue chips this week has not been isolated. Other broad market indices are now also close to their record highs. The Standard & Poor's 500 index closed on Thursday at 385.60, very near to its peak of 387.40 on June 4, and the New York Stock Exchange Composite closed the session at 199.32 compared with its peak, also on June 4, of 200.21.

The equity market now abounds with predictions that the Dow Jones Industrial Average will soon reach the magic 3,000 level. But what happens after the 3,000 level is achieved matters more.

There are two main uncertainties. The first is monetary and fiscal policy. Greenspan took care to explain that a general monetary easing would be designed to offset the tightening effect of commercial banks' reluctance to lend. That suggests that a quarter point fall in the Federal Funds rate would do no more than restore previous

Leisure

FT-Actuaries Index relative to the FT-A All-Share Index



Bulls of the equity market believe the doubters are overreacting to the currency squeeze on exporters and overseas earners. After all, they say, it was only after Nigel Lawson's resignation last October that sterling slipped below DM3. That analysis does seem to ignore Mr Lawson's strenuous efforts to avoid such a decline - much criticised at the time - but their warning about short-term switches of investment strategy is fair.

Without actually intervening in the currency market, John Major is doing almost as much to push the pound up as his predecessor was doing to support it. It is difficult to say what would happen were the ERM and interest rate rhetoric removed.

There have been more concrete reasons for bearishness this week, particularly among leisure stocks. The symptoms of difficulty in the sector were displayed by Granada, the television, leisure and services group, and Bank Organisation. Granada's shares slipped 6.5 per cent on Wednesday and dropped 80p on the week to 220p after the group announced a 12 per cent drop in its interim profits. The company mentioned problems in all its main divisions, from weak TV advertising revenue, to difficulties with integrating recently acquired computer maintenance businesses.

More worryingly for Bank, which is poised to acquire Mecca Leisure, Granada pointed out there had been a

fall in admissions to its bingo halls because of the squeeze on consumer spending. Bank's cautious trading statement on Thursday simply underlined the sector's difficulties, although it accompanied a 24 per cent increase in profits to £138m for the half-year. Its shares finished the week 6 per cent lower at 78p, as analysts continued to fret about the double impact of January's rights issue and the all-paper consummation of the Mecca offer.

Bank's mealy-mouthed statement on Thursday ("it remains unlikely that [Bank's] prospects can be entirely unaffected by current economic pressures...") combined with a profits warning from another Footsie stock, the engineering group Hawker Siddeley, to take the shine off equities. At one point, the FT-SE index was up 26 points on the day, but closed only 10 points ahead, a prelude to a more cautious day's trading yesterday.

Examining Hawker's entreaties actually revealed less about the general difficulties of the engineering sector than some analysts might have hoped. The profits warning focused on the problems arising from cost-overruns on power station contracts in the US, rather than any malaise caused directly by domestic recession.

Insurers are aiming down and raising money for more difficult times ahead. Legal and General, announced the sale of its subsidiary Victory

Reinsurance for £125m on Monday, while the Prudential has removed several links from its chain of estate agents, closing 175 out of 675 branches. Then on Thursday, Sun Life Assurance unveiled a rights issue to raise £67.5m for future development.

As a coda to last week's squealing by suffering retailers, three stores groups summed up the good-times and bad times at their annual meetings.

Bar the usual complaints about, say, the checkout system at the Orpington branch, Lord Sainsbury had a comparatively easy ride at the empire market chain's meeting on Wednesday, and promised continued expansion. And the following day, Lord Rayner was able to announce his forthcoming retirement as chairman of Marks and Spencer on a high note, an unusual feat for a retailer in this economic climate.

But Thursday's sign of storehouse was truer to current retailing form: the ailing BHS and Habitat group warned that it might have difficulty matching last year's first-half profits. Retirement to warm shareholder applause looks like a privilege which will be denied to Sir Terence Conran, now a mere non-executive director of the group he once chaired.

Nicholas Ridley - who also looks to have forfeited the chance to retire gracefully - may sympathise.

Andrew Hill

JUNIOR MARKETS

Two flotations add colour

THE NEWEST companies in the queue to join the unlisted securities market would be out of the water at the best of times.

Their appearance is all the more exotic given the drab state of the new issue scene on the unlisted securities market. In the first half of this year, more than twice as many companies left the USM than joined it. And a recent survey shows that many entrepreneurs want to sell or merge rather than raise money for a full listing rather than join the USM.

The applications by Standard Platforms Holdings and Camborne Industries will not redress this situation as the USM's image is rarely improved by the arrival of a clutch of risky, fledgling companies. Nonetheless, that prospect is likely to make interesting reading.

Standard Platforms is a small computer software company that expects to make a loss this year and is raising just £2.2m. However, it is poised to put itself in the record books at the end of the month by making the first flotation to take place simultaneously on the USM in the UK and on Nasdaq in the US - something it describes as a "mini-global" placing.

The purpose of the dual flotation - which will cost about £200,000 - is twofold, according to Mr Kelly Fritz, a broker at the sponsors, Rickett & Co. For one thing, it may improve the liquidity of the shares, given that a total of six market makers are handling the shares. For another, it will provide useful publicity in the US.

Standard Platforms, which gets its name from the industry jargon for a computer workstation, is a Lancashire-based concern that has been trading for two years. Its speciality is software for the storage and rapid retrieval of information. It now reckons that its best bet is to expand into the US medical records market.

Camborne Industries will be an even rarer recruit to the market, although it too has a link with North American stock markets. It is a start-up company that has dreamed up Norwinor, a cheap alternative to solid stainless steel, made by bonding a stainless steel skin to a carbon steel core. Camborne reckons that its product, which has good anti-corrosive qualities, will find a market in offshore oil, food, drink, chemicals and pharmaceuticals industries.

The technology was devised by Count Caccace, an Italian steel industrialist of the 1960s who financed and established steelworks in Zimbabwe and Nigeria. His son, Ning, developed the process in South Africa and won patent on the process in 1975. The economic

problems in South Africa and an abortive joint venture delayed progress until 1988, when they signed a deal with an Italian steel distributor.

The search for finance took them to the Vancouver Stock Exchange, a market better known for speculative mining issues. In 1989, they raised £99.9m (£2.75m) to start production. Norwinor, South Wales as chosen to commission a factory and a sales network from the Welsh Office later last year.

Camborne now reckons it needs more funds to start production and introduce technological improvements. It has picked on the USM this time around at the suggestion of some of its investors who indicated they would welcome a market for their shares in the UK.

Camborne reckons its ability to produce clad stainless steel on a commercial scale is unique. Other producers have come unstuck in this exercise, thanks to high production costs, it says. The snag is that Norwinor's original patents will expire during 1990 and although the company has filed new applications to update the method and technology, it is not clear that the process is well protected.

The company lists under its risk factors the point that "the existence of patents does not, in itself, ensure the exclusivity of the process. Like new processes, it admits that the price of stainless steel could tempt other players to adopt the idea. Camborne is likely to come to the market in early August through a placing headed by Albert E Sharp.

Small as they are, these two companies represent a slice of the new stock on the USM this year. KPMG Peat Marwick McIntosh has estimated that just 17 companies joined the market in the first half of the year, compared with 39 and 52 in the comparable periods in 1989 and 1988.

In contrast, some 51 companies have floated on the main market this year, an increase to the 29 that floated in the same period in 1989. That, Peat Marwick says, confirms the view that companies are opting for a full listing rather than the USM. This conclusion tallies with the findings of a survey carried out by Baker Tilly, chartered accountants and a USM subscriber. It found that only one in eight entrepreneurs wanting to realise shares "was seriously planning for a USM flotation".

Knightsbridge, the USM's main body, has been dampened by the introduction of rules for full stock exchange membership, concerns over the trading volume of USM stocks and the phasing out of the Third Market.

Vanessa Houlder

Companies which profit from burglars' bill

PILFER & HEIST plc, the diversified crime business, is having a splendid year. As high interest rates bite, crime is booming.

But although small investors frequently condemn them as crooks, financial advisers have yet to devise a way to cash in on the niche business of safe-blowing, and enterprising burglars have not sought USM quotations for their illicit activities.

That leaves investors looking at the other end of the same market: quoted security companies. As crime increases, insurance companies are getting stricter about the level of security needed before they will provide cover, particularly in the commercial sector. That generates business for manufacturers, distributors and installers of security equipment.

The downturn is also good news for companies which provide security guards, such as Securigard, which reports figures next week, and Reliance Security Group, a USM company which announced a 31 per cent increase in 1989-90

pre-tax profits on Monday. Their shares were hit last year by concerns that increases in wages - their largest operating cost - were far outstripping inflation. But since then, customers squeezed by high interest rates have been forced to cut their own security staff and have started sub-contracting to manned-security companies instead.

It is difficult to generalise, partly because most security companies have strong non-security activities - from Securigard's parcel delivery operation to ADT's vehicle auction division. But Ruth Keatch, an analyst with Schroder Securities, is confident about the ability of the market to outperform the stock market in bad times. "The industry as a whole has generally resilient qualities. No company is immune to downturn, but security systems groups and guarding companies grew throughout the last recession," she says.

London-quoted security companies - particularly the largest - are taking advantage of the fragmented industry in the UK and continental Europe,

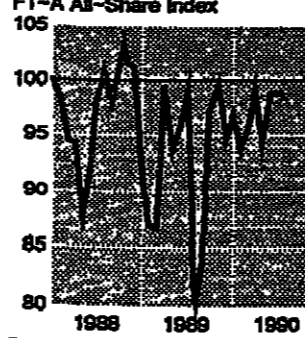
still far behind the US both in terms of the technology available and the number of systems installed.

Not that investment in the security industry is a one-way bet. Being in a growth sector does not protect businesses from the strains of high interest rates - indeed the potential for growth has tempted some security companies to overstretch themselves. Earlier this year, for example, Britannia Security Group, an alarm installation company, was snapped up by ADT, the world's largest security group, after borrowings rose and profits slipped.

Others find themselves shackled to falling demand in the residential market as the volume of new homes being built declines. Tunstall Group, one of the manufacturers, has seen its share price sag from a high of 479p before the 1987 stock market crash to 148p this week, in the aftermath of an abandoned management buy-out. Investors seem to have been put off by its links with the delicate sheltered housing market, for which

Automated Security

Share price relative to the FT-A All-Share Index



Tunstall provides monitoring and alarm systems.

By contrast, fellow manufacturer Scantronic Holdings, which unveiled a 48 per cent increase in annual pre-tax profits this week, has very little exposure to the residential sector. Chris Brooke, its chief executive, says it is the smaller, unquoted alarm manufacturers which are going to the wall as the housing market collapses. Ruth Keatch favours the

manned-security, manufacturing and distribution companies over those involved in installing and monitoring systems such as Bermuda-registered ADT and its arch-rival Automated Security (Holdings), which controls Modern Alarms and Lander Alarms.

"The UK market for installers is quite well tied up now: ASH cannot make any move so it is having to look into new markets where it won't realise economies of scale immediately," she says.

The giants of the industry may find it easier to look outside the UK for growth opportunities. Both ADT and ASH are strongly positioned in the global security market. The bulk of ADT's security operations has always been in North America, and ASH made its first big acquisition there last year, buying a Californian central station alarm business for \$105m (£55m).

ASH has also underpinned its position in the UK market with a network of shareholders, although all involved claim they operate an "arm's

length" trading relationship. It owns 27.5 per cent of Scantronic, and Scantronic and ASH each owns 30 per cent of Gardiner Group, a distributor of security products which also reported a strong profit increase last week.

If there is a danger for UK-based security groups, it may be smugness. Some observers believe US security companies could expand quickly in Europe, and other British companies are also moving into this lucrative sector.

Last year, Kapsnet International, once dependent on building products, wood and won Radiolinks, a US security components manufacturer. British Telecom also has a fast-growing subsidiary, Telecom Security, now providing alarm services to the mass market using existing telephone lines. Such a hefty competitor could provide a genuine challenge in the UK for large alarm installation and monitoring groups, but it will be some time before it dents the continued growth of Pilfer & Heist.

Andrew Hill

FINANCE & THE FAMILY

Barry Riley consults the market oracles and hears a variety of predictions Prophets of profit and loss

DOWN IS good, up is better still, but sideways is very tiresome. At least, that is the view of the chartists, those "technical analysts" who seek to pick out money-making opportunities from graphs of share prices, currency rates or commodity values.

Take the UK's FT-SE 100 index. The Footsie has swung between approximately 2100 and 2400 three times in the last 15 months or so. On Wall Street the Dow Jones Average has hit the occasional new high, as indeed it did this week, but has been unable to carve out a convincing bull market, being comparatively little above last autumn's levels. Indeed the FT-Actuaries World Index has meandered around in a very gently declining trend, ending 7 per cent in dollar terms so far this year.

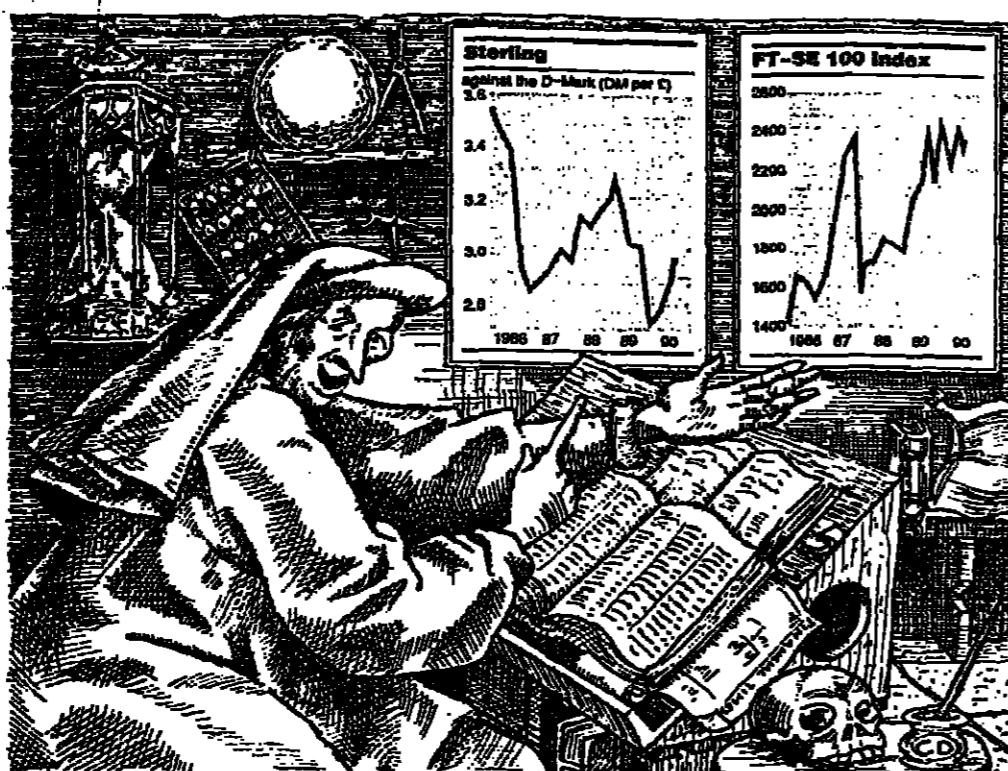
The killer, perhaps, was gold, which late last year and early in 1990 appeared to be tracing out the early stages of a promising bull market, having rallied from \$350 an ounce to around \$420. Then in February and March it abruptly flopped leaving a good many technical analysts floundering in its wake. Gold was this week trading at a little above \$350.

By and large, the chartists now tend to be bearish about equities, but they are warning a bit. David Fuller, for instance, who is chairman of the independent firm Chart Analysis, telephoned back urgently yesterday afternoon with a significant change to the bearish stance he has maintained since last September.

He has now turned bullish about stock markets for the time being. "There's a probability that many stock markets will break up out of their trading ranges, but my feeling is that it won't last beyond a number of weeks," he says.

Fuller cites three bullish factors. Not only has the UK market failed to maintain its downward break, but his firm's World Indicator is set to give a "decidedly bullish" reading at its next weekly calculation on Monday. Finally, Alan Greenspan gave a positive signal on interest rates last Thursday.

Looking beyond the rally, however, Fuller believes the interest rate trend will prove to be disappointing. "I don't think it's sustainable," he insists. "It will only delay the next serious reaction."



to be disappointing. "I don't think it's sustainable," he insists. "It will only delay the next serious reaction."

Over at brokers James Capel, Robin Griffiths has some good predictions to his credit this year. He was on the ball in anticipating the scale of the bear market in Tokyo in the first quarter, and he neatly turned bullish about UK equities at the beginning of May. But he warned in a client circular at that time that he was not a long-term bull, and by July trouble might be brewing.

In the event, he is only modestly bearish at present. The Footsie, he remarks, "looks like it will drift off from bearish rather than excitedly bearish." Griffiths is impressed by the power of the 2400 top, which in fact is the same level at which the market peaked back in July 1987.

"If you could break that high and confirm it, you would have a very important bull market move," he says. "But we may not get it."

Elsewhere he sees another downward leg coming in

they are going to be surprised. But it may be more in stocks than in markets. As for the Dow, "it might reach 3000."

Joining the bearish line-up is another independent, Brian Marber. "The market's going down," he proclaims. "It will test the lows of October and April." Once it gets below 2250 it will be heading, he says (irresponsibly or not), for 1800.

But like David Fuller he is nervous about the UK market's resilience this week. He may modify his position slightly should the FT-SE 100 manage to hold a closing level above 2375 during the near future, in which case it would, he says, negate a David head-and-shoulders pattern. Even so, he will not be turning long-term bullish.

The American stock market, Marber thinks, is probably topping out, and as for Japan, "I don't like the look of Tokyo at all."

So are the technical analysts all basically bearish? Not quite. At Kleinwort Benson, Nick Glyndon unequivocally thinks UK equities are in a bull mar-

ket. True, they have to penetrate that intimidating 2400 resistance level "but given the volume of money which is sloshing around that won't be a problem."

He says a move to 2400 would be "incredibly bullish," and could foreshadow the achievement of the 3000 level by the Footsie index within a period of six to nine months. Nor does he see any sign of a top for the Dow, which he is projecting to 3200.

But Glyndon's confidence about the UK stock market contrasts with his diffidence about sterling which has had such an intriguing run in the past few weeks. "I haven't a clue," he refreshingly admits. Instead, his current foreign exchange play is to sell the dollar and buy the yen.

David Fuller broadly agrees with him on these two currencies. "The dollar is quietly eroding, and the yen is in the early stages of a major recovery," he judges. He is not short of a view on the pound either. "This sterling rally has boiled over," Fuller pronounces. "We have seen at least 50 per cent of what we are going to see. It will settle back."

On currencies, try another pundit and you are likely to get another opinion. Richard Lake says that sterling has been his number one for several months. "It's going to be the best currency for a very long time," he would not be surprised to see the pound at \$2 in due course, although sterling may be temporarily overbought at near \$1.65 and "DM3 may prove to be a killer for a while."

Brian Marber says he switched his own firm's money into sterling at \$1-\$1.64 at the beginning of the year and changed it back to dollars at \$1.75 at the end of last week. He thinks this will prove to have been intelligent on a three-month view, and he believes that sterling has also topped out against the D-Mark for the time being. But Marber does not share the enthusiasm shown elsewhere for the Japanese yen.

At James Capel, however, Robin Griffiths is happy to stick with the good old pound sterling. "We don't yet see a top," he says.

'If people think we are going to see a quiet summer they will be surprised'

Footsie but is not prepared to call a major top. He describes predictions by other chartists of a fall to 1800 - a decline of nearly 25 per cent - as "irresponsible." The action could be seen in individual stocks and sectors rather than the market as a whole. Lake is bearish about oils and banks, for instance.

He adds intriguingly: "I can promise a lot of action this year. If people think we are going to see a quiet summer

Sara Webb on the options for investors in the investment trust

Globe loses its battle — but it's not the end of the world

AFTER resisting the British Coal Pension Funds' £1.1bn bid for several weeks, Globe Investment Trust decided to recommend most of its shareholders to accept the 200p per share offer on Thursday.

BCPF had already acquired a controlling stake in Globe, but Coal Funds need to acquire 93 per cent of the shares in Globe before it can automatically take complete control of the investment trust. So what can investors do?

Investors who are considering remaining minority shareholders in Globe on the chance that the funds may not succeed in buying 93 per cent of Globe's shares should bear in mind that they could find it difficult to sell their shares later. Investment trusts which have large majority shareholders tend to fall a large discount.

Globe's shares can still be sold via BZW, the broker acting for BCPF, for 200p, or you can opt for loan notes or shares in an index tracker fund.

In the last week, however, several fund management groups have joined the battle for small investors, offering to buy Globe shares in exchange for units in their own trusts.

For example, Legal & General is offering 307p per Globe share plus the 4p dividend provided Globe investors switch into L&G's equity trust. The offer is for minimum batches of 500 Globe shares.

L&G hopes to buy 20m Globe shares and then resell them to Coal Funds. L&G's equity trust ranks 23rd out of 61 funds in its sector over 10 years, with £1,000 growing in value to £2,679. If investors accept this offer, they might still be liable to capital gains tax. Also, the

offer is not really worth 211p per share because if you were to immediately sell your units, they would be worth less than 200p per unit. Phone 071-528-6793 for information.

Gartmore is offering a 4 per cent discount to Globe investors on four of its unit trusts: the Frontier Markets trust, which ranked sixth out of 116 funds in its sector with £1,000 increasing to £1,388 over three years; the Pacific Growth trust, which topped its sector over five years with £1,000 growing to £2,701; the British Growth trust, which came 23rd out of 142 funds in its sector with

'Investors could find a similar investment trust to Globe'

£1,000 increasing to £1,043 over three years; and the Practical Investment fund which invests in investment trusts and came first out of only five funds in its sector over 10 years with £1,000 growing to £2,714. Further information is available from Gartmore on 0800-289-336.

Schroder also is wooing Globe investors. It plans to launch a global equity fund in August and will waive the 5 per cent front-end charge for Globe investors. Details on 071-323-5800.

There is, of course, no reason why Globe investors should opt for a unit trust. In fact, they could come quite close to finding a similar sort of investment trust to Globe. Finance & the Family asked a group of investment trust analysts to

suggest alternatives to Globe, which would reflect its composition as closely as possible.

John Szymanowski, Warburgs

"Foreign & Colonial may be the flagship of the investment trust industry now, but as less than 50 per cent is invested in the UK it cannot be put in a personal equity plan (PEP) - unlike Globe.

"Flaming Mercantile has got 70 per cent in UK and around 13 per cent in various unquoted companies. But they don't tend to pursue such an aggressive unquoted policy, so I would top up with small amount in Electra.

"Flaming Mercantile's dividend yield is almost identical at 3.4 per cent, good track record, also a 10 per cent discount which compares very favourably with Globe.

Laurie Petar, UBS Phillips & Drew

"F&C is the best of all the general trusts and extremely well run. Others include Scottish Investment Trust and Edinburgh Investment Trust. Small investors should stick to large trusts.

"Witan and Edinburgh have good aggressive dividend policy. Discounts are already pretty low, there's quite a bit

of cash to come into the trust market, so I don't see discounts narrowing much further. I wouldn't recommend getting into a trust if the discount is below 10 per cent."

Graeme Caton, James Capel

"Globe investors should keep to a generalist trust. F&C is the largest, best-performing. "The Globe bid has led to a narrowing of discounts, which now are at an average of 14.1 per cent for the sector - a 25-year high. Globe investors might be interested in Alliance Trust: British Coal has a 12 per cent stake in it so there could be a bid, but the performance is not there.

"Otherwise, if you want to mirror Globe, you could choose Scottish Eastern (which is 88 per cent in the UK), Edinburgh Investment Trust (62 per cent in the UK and very similar re Europe, Japan and US investment with a yield of 4 per cent). Edinburgh has outperformed Globe and has a 15-14 per cent discount whereas F&C has a discount of 13 per cent. "But I would hold off before buying any of these as the sector is overvalued and you can get a good return on cash whilst waiting for discounts to widen."

Pam Sawyer, BZW

"Globe had 34 per cent of its portfolio overseas whereas both F&C and Alliance Trust have a higher proportion overseas. Flaming Mercantile tends to invest in smaller companies, and has a 19 per cent discount. "You could get F&C plus a



John Szymanowski

more UK-oriented trust such as British Assets, which is 76 per cent UK and on a 13 per cent premium. "Globe had its risk element that these others do not. To match this, you could invest in Electra which has about 70 per cent in unquoted companies, a 14 per cent discount, and which is a very good trust."

Hamish Buchan, County NatWest

"Globe had a slight bias towards the UK, with some international and unquoted shares too. If you only had 2,000 Globe shares, I wouldn't buy a cocktail of trusts because of the costs.

"You could choose F&C (which has a better track record but a yield of 2.2 per cent), Edinburgh Investment Trust (arguably the nearest to Globe in geographical spread and a similar yield of 4.1 per cent), or Scottish Mortgage. These have different management styles.

"If you had say £10,000 in Globe shares you could spread your investment as follows: £1,500-£2,000 in a trust with a high proportion of unquoted shares such as Electra, £4,500 in a UK specialist trust like TR City of London, and the balance in overseas trusts."

Anglia fails to make a profit, PIBS would probably not pay out. If there was a financial markets catastrophe and Nationwide Anglia folded, PIBS holders would not have the deposit insurance protection of other savers and could end up out of pocket.

"My advice, when the time comes, will probably be that if granny has £25,000 to save, she might put £5,000 into PIBS but not more because of the slight risk element to them," one merchant banker said. "The really interesting question is whether or not institutional investors have any appetite for this sort of scheme."

David Barchard

Anglia seeks capital innovation

will make a market in them and it will be possible to buy and sell them.

They will however not be equity shares or what building society executives call "equity look alikes." There will be no dividend, merely a higher rate of interest. This will be higher than the rates available on the society's main deposit accounts, perhaps the London Inter-bank Offer Rate plus a percentage point or two.

People or institutions buying them will be attracted chiefly by this higher rate of return. The shares will trade in the market at close to yield,

Hodson says, just as floating rate notes do in the money markets, though they may rise a little occasionally in anticipation of an increase in yield.

Hodson says that Nationwide Anglia favours PIBS because it is a way of raising additional capital for the society, so making it stronger, while allowing it to remain a mutually owned society. One alternative would have been to follow Abbey National and drop mutual status and become a PLC.

Whether mutuality with PIBS is quite the same idea as that which the Victorian

founders of the building society movement envisaged is a moot point. The immediate question for savers is whether they should contemplate putting their money into PIBS rather than traditional high interest accounts.

Whatever they decide, PIBS will not be on the market until next summer at the earliest: the law has to be changed to allow them. A clause doing this is expected to be included in the Finance Act next year.

PIBS will pay higher interest but carry a higher risk. The extra interest will be paid out of reserves. If Nationwide

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YOU WANT

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Some protection if the UK stockmarket falls

Europe is booming. By 1992 it will be the largest single, integrated market-place in the world. Today, as the East commercialises and trade restrictions disappear, the continent prepares for a period of unprecedented economic growth.

Scottish Mutual has been prepared for some time. In 1965 we launched our unit linked European Life Fund. Today it is a top performer. The number one fund in its sector since its launch.* Original investors have seen a return of over 179%.*

It should be remembered that past performance is no guarantee of future return. The price of units can fall as well as rise and is not guaranteed.

So, Europe looks attractive but what about the UK? The long term still looks positive for investors in the UK but, with high inflation and a looming General Election, over the short to medium term equity investment looks vulnerable.

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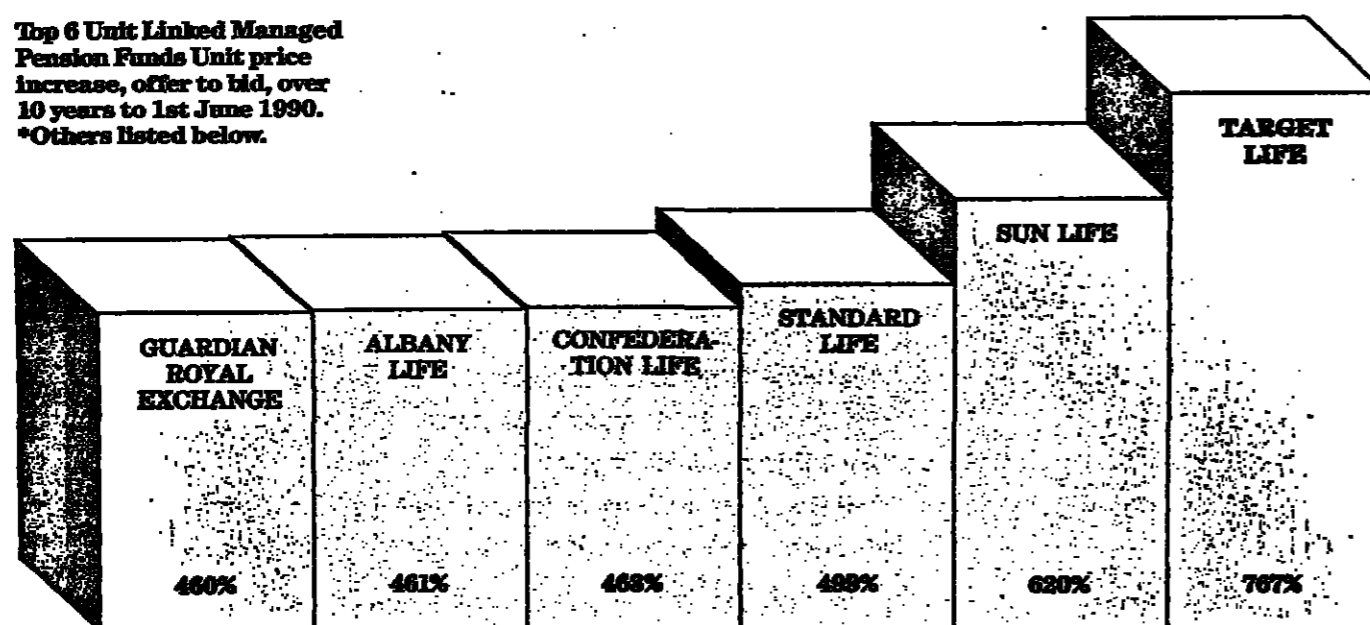
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*Other managed pension funds unit price increases are:- Save & Prosper, 410%; Hill Samuel, 389%; Allied Dunbar, 375%; Equity & Law, 368%; London & Manchester, 365%; M & G Pensions, 365%; Prudential Holborn, 345%; Barclays Life, 340%; Legal & General, 337%; Property Growth, 327%; Cannon Assurance, 289%; Lawrenson, 278%; Standard Life, 274%; Abbey Life, 274%; MI UK, 272%; Stalwart Assurance, 265%; Niall, 261%; City of Westminster, 225%.

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FINANCE & THE FAMILY

Sara Webb on green funds When morality is not enough

ARE SOCIALLY responsible investments a good home for your money?

No, according to a survey of green and ethical unit trust investments published this week. This reported that 39 per cent of financial intermediaries are not recommending green and ethical funds to clients, chiefly because they regard them as "bad performers and a gimmick" 80 per cent of those questioned thought unit and investment trust groups were simply jumping on the green bandwagon.

Yet to be fair, there has been considerable demand for green and ethical investments from private investors in the last few years as people worry more about the greenhouse effect and pollution of the environment. Indeed, some £28m is now managed by socially responsible funds, according to a recent survey by Holden Meehan insurance consultants, and the evidence suggests that investors remain loyal to their socially responsible investments.

Perhaps that's just as well. A glance at the performance table shows that green and ethical funds are not usually the high-flyers of the league tables. In most cases your £100 invested will have turned in a rather mediocre performance, no better than the sector average, and usually rather worse than in a building society account.

Ethically screened funds usually exclude companies with certain interests, for example in tobacco, armaments or South Africa. Green funds tend to select those companies which are involved in improving or protecting the environment, while avoiding companies which have a bad environmental track record.

Unfortunately, it is not always easy to maintain such high standards and certain funds have been criticised for their investments in the past. For example, Scottish Equitable's Ethical trust invested in Sale Tilney, which has interests in engineering, trading and financial services.

At the time it bought the shares, it met with the fund's investment criteria, but later it took over Telsa Engineering, a company which maintained

and serviced Royal Navy torpedoes. This conflicted with the fund's investment criteria, and when Scottish Equitable's investment research advisers Bromie & Partners pointed this out, the group decided to sell its Sale Tilney shareholding. It decided to wait until a good opportunity arose in the market, partly because Sale Tilney is not a very liquid stock. Even so, they made a loss on the holding.

Alan Miller, marketing director of Bromie & Partners, says that it is very difficult to screen companies "real time" and that companies which pass the green or ethical test one month, may fail the next month because of an acquisition they have made in the meantime.

One slip can create a bad impression. Acorn Ethical Trust is still touchy about its adverse coverage in the media when it was criticised for investing in South Africa. Acorn invested in Cadbury Schweppes which has a couple of subsidiaries in South Africa. "We thought it was within our remit because it is not based in South Africa," said a company spokesman, who pointed out that the holding was sold after a few months.

Clearly the answer to this problem is to have a good screening service which constantly monitors companies and their acquisitions. In a few cases, fund managers use outside specialist research for screening purposes. It seems likely that as socially responsible funds become more popular, the demand for specialist research will grow. Tessa Tennant, investment adviser at Jupiter Harbut Meakin which runs an Ecology Fund, says that the company is now considering whether to sell its research to other fund managers and is waiting to see if the demand is high enough.

In the meantime, however, demand is not enough: the socially responsible funds will need to improve their positions in the performance tables before they can be taken more seriously. *Valin Pollen, 18 Grosvenor Gardens, London SW1W 0DH (071-730-3456).

PERFORMANCE OF GREEN & ETHICAL UNIT TRUSTS

Fund	6 mths	1 yr	3 yrs
UK Growth	-0.5	-8.0	-
Abbey Life Ethical	-0.5	-2.8	-
Alchurches	5.0	11.1	-
Eagle Star Env. Opps.	-0.5	-2.4	-8.0
Fidelity Famous Names	-0.5	-2.2	-8.2
Friends Prov. Stew.	-4.0	-	-
HM Conscience	-4.6	-12.0	-
Scott. Equitable Ethical	-1.7	-1.9	-
Sovereign Ethical	3.2	-1.0	-
TSB Environ. Inv.	-3.8	-10.4	-13.0
Sector Average	-10.8	-20.8	-
UK Income	-4.0	-4.8	1.7
Friends Prov. Stew. Inc.	-2.5	-8.2	-
Friends Prov. N. Am. Stew.	-4.2	-5.8	0.1
Sector Average	-5.8	-1.5	-
Acorn Ethical	-1.3	-7.9	-12.5
Buckmaster Fellowship	8.4	9.8	4.1
Med. Invest. Health	-7.8	-9.3	-
Merlin Jupiter Ecology	-7.3	-4.7	-
Target Global	-5.8	-2.4	1.8
Sector Average	-5.8	-2.4	1.8

Source: FINSTAT. 6 mths figures are offer-to-offer and exclude income - figures for 1 yr and 3 yrs are net of initial charges - all figures assume income reinvested.

The Week Ahead Asda counts cost of a difficult year

ASDA, the supermarket group, is expected to reveal the effects of a turbulent trading year when it unveils its annual pre-tax profits on Tuesday.

Analysts expect an outcome of around £18m, well down on the £24.6m obtained in the previous year. The group's interests in furniture are believed to have suffered particularly badly and Asda will also have come under strain from its high level of gearing which was taken on when the company acquired 61 Gateway supermarkets for £70m.

George Davies, chairman of Next, says that he has helped spruce up profits from clothing but this is unlikely to offset bad news elsewhere. After the recent slump in Asda's shares, analysts will be scrutinising the figures to gauge whether the company can be recommended as a recovery stock.

Much of the content of the impending results announcement from Tomkins, the UK industrial conglomerate, due on Monday has already been divulged. Stealing its own thunder, the company said last month that pre-tax profits for the year to April 28 were not less than £76m which would be an increase of 17 per cent over the previous year.

It added that it intended to

recommend a final dividend of 6.42p (4.78p), making a total of 9.12p (6.42p). These prognostications accompanied the announcement that the group has now reached formal agreement of the £50m acquisition of Phillips Industries, a US industrial group.

Evode may highlight difficulties in the UK chemicals industry on Monday when it seems likely to reveal a fall in its earnings per share, accompanying a rise in pre-tax profits from £4.46m to £7.5m for the six months to April 30.

With half its sales in the UK, Evode is more exposed than most chemical companies to the rigours of the UK economy. It has also suffered from the effects of an increased interest charge, following its acquisition of Chamberlain Phillips last year.

First Leisure, the ten-pin bowling to disco group, appears to be riding the downturn in leisure spending better than most as a result of some prudent financing and sound management. Interim pre-tax profits due next Wednesday for the six months to end of April this year are expected by brokers to show a healthy growth to reach a shade over £10m from £8.2m at the same stage last year.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company	Value of bid per share	Market price	Price bid	Value of bid per share	Bidder
Cryolite	815	87	73	34.81	TT Group
Cryolite	815	87	73	34.81	TT Group
Episcure Ind.	34	32	28	27.34	Heron AB
Flofax	30	30	25	4.308	Ted East com'n
Front Group	421	425	358	50.12	York House
Grube Inv. Tr.	210	207	174	1.108	St. East Pan. Fd
Harwell	155	155	141	122.65	Janet
L.O.M. Steam Ptd	115	120	95	17.25	Sam Containe
Mecca	88	79	84	286.38	Bank Org
De. 22p Co. Pl.	80	69	56	251.20	Bank Org
Tosar Kemley	150	142	115	351.72	Bank Org
Triflex	178	178	133	13.12	Asahi

*All cash offer. †Cash alternative. ‡Partial bid. §For capital not already held. ¶Conditional. **Based on 2.50p price 13/7/90. ††As suspension. ‡‡Share and cash. §§Other values co. at 24.5m - bidder will retain no more than 81% of shares already owned 41%.

PRELIMINARY RESULTS

Company	Year	Pre-tax profit (£000)	Shareholders' earnings (p)	Dividend (p)	Dividend yield (%)
Alan Paul	Mar	1,250	(742)	10.1	(9.5)
Arlen	Mar	511	(1,650)	9.90	(11.6)
Barbour Index	Apr	3,370	(2,720)	13.3	(10.8)
Brace Group	Apr	13,830	(10,360)	16.3	(13.3)
Brattonville	Mar	2,230	(8,530)	5.5	(7.5)
Campbell & Arm.	Mar	3,010	(3,080)	13.8	(17.5)
Christie Group	Mar	1,210	(4,580)	4.38	(13.8)
Comac Group	Dec	7	(489 L)	0.05	(0.1)
Control Sec.	Mar	23,700	(20,300)	5.7	(5.9)
Crofton Nat.	Apr	2,230	(1,038)	3.5	(18.5)
Dixon	Apr	80,100	(78,400)	12.6	(11.6)
Electron House	May	4,030	(4,820)	11.8	(17.3)
Ellis & Everard	Apr	16,410	(11,770)	18.7	(17.0)
Empire Stores	Apr	1,800	(3,100 L)	10.3	(4.5)
Evans of Leeds	Mar	7,550	(7,120)	15.7	(13.8)
Flextech	Mar	4,950	(2,580)	11.2	(4.78)
Fuller Smith	Mar	8,500	(7,400)	22.9	(18.7)
Gibbons Lyons	Mar	1,480	(1,020)	14.0	(11.5)
Goring Kerr	Mar	1,480	(1,800)	11.8	(13.3)
Grig Shipping	Mar	3,420	(2,810)	22	(20.9)
Howden Group	Apr	22,150	(17,150)	15.1	(12.2)
Ivory & Sims	Apr	2,580	(2,880)	4.16	(5.38)
John Mendes	Apr	29,100	(26,100)	31.7	(33.1)
Jones Stroud	Mar	6,220	(7,100)	21.8	(22.3)
Kingsgrange	Apr	215	(2,000 L)	1.5	(12.5)
Logik	Mar	6,000	(5,880)	4.94	(5.48)
Logik	Mar	3,830	(2,750)	16.2	(15.3)
London Sec.	Apr	8,270	(6,230)	7.5	(7.1)
Magnet	Mar	39,900	(38,500)	9.2	(11.1)
Morris Ashby	Mar	1,150	(1,320)	29.1	(21.6)
Mosaic	Apr	4,640	(2,430)	29.1	(21.6)
Nobo Group	Apr	1,920	(2,572)	11.9	(17.2)
Palmerston Hidge	Mar	3,850	(5,110)	13.0	(19.1)
Peel Holdings	Mar	11,020	(20,160)	12.4	(31.5)
Porter Chubb	Mar	7,200	(2,810)	17.45	(14.5)
Prest Benjamin	Mar	7,920	(8,190)	13.5	(14.6)
Real Time Cont.	Mar	55 L	(272)	0.5	(1.4)
Reliance Sec.	Apr	2,710	(2,070)	17.2	(12.9)
Scantronic	Mar	8,640	(4,420)	11.8	(8.7)
Sims	Mar	8,070	(10,4)	7.9	(10.8)
Teco	Mar	1,720	(1,710)	5.75	(5.61)
Thorpac	Mar	2,800	(1,400)	4.3	(3.5)
Turnbull Scott	Mar	2,800	(1,730)	29.9	(19.1)
Welpac	Jan	384	(991)	1.11	(2.39)
Wyke Group	Apr	3,640	(2,630)	10.4	(9.02)

INTERIM STATEMENTS

Company	Half-year	Pre-tax profit (£000)	Shareholders' earnings (p)	Dividend (p)	Dividend yield (%)
Alch Holdings	May	5	(22 L)	-	-
Barr AG	Mar	1,490	(1,030)	3.25	(3.25)
Cerdiff Property	Mar	5,965	(48,038)	0.85	(0.79)
Company of Designers	Mar	304	(823)	0.25	(1.25)
Gardiner	Mar	2,310	(1,069)	0.97	(0.9)
Granada	Apr	63,300	(71,800)	4.40	(4.0)
Hay & Croft	Mar	770	(2,000)	1.45	(1.2)
Low & Bonar	May	12,300	(10,500)	2.7	(2.4)
Modell House	Mar	5,258	(3,800)	1.5	(1.25)
PE Kemp	Apr	178 L	(24)	-	-
Trillion	Mar	181	(44)	0.3	(0.3)
Yates	Apr	15	(54)	-	-

(Figures in parentheses are for the corresponding period). *Dividends are shown net of tax per share, except where otherwise indicated. L = loss.

RIGHTS ISSUES

PE Kemp is to raise £32,000 via a five-for-two rights issue of 5p. Sales to the public of 25p shares at 150p each. Sun Life is to raise £27.5m via a one-for-seven rights issue at 500p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Colorgraphic is to raise £2.2m via a placing of 2.54m shares at 200p each.

RESULTS DUE

Company	Announcement date	Dividend (p)		This year 1st
		Last year	1st	
FINAL DIVIDENDS				
Abstract Scotland Investment	Friday		0.35	
Aim Group	Wednesday	2.2	8.6	8.4
Asda Group	Tuesday	1.5	2.95	1.95
Batley	Tuesday	0.5	1.9	0.5
Bespak	Wednesday	2.25	3.75	2.6
Bertum Holdings	Wednesday		0.225	
Bertram	Thursday	0.225	0.48	0.24
Broad Street Group	Tuesday	0.6	0.9	
Burning Group	Tuesday	1.75	3.25	0.85
Bulmer HP Holdings	Wednesday	2.685	4.28	2.38
Clark Matthew & Sons Holdings	Thursday	5.3	7.5	5.75
Clark DY	Tuesday	1.5	3.5	1.25
Elieff	Thursday	0.585	1.34	0.31
Excelsior Group	Monday	0.25	0.78	0.3
First Spanish Investment Tr.	Friday	2.25	0.6	
Fitch GM Holdings	Monday	2.25	0.75	2.25
Fitch Lovell	Thursday	4.0	8.25	4.0
Ford Sellar Morris Properties	Monday	1.5	3.5	6.5
Hampson Industries	Tuesday	1.48	1.48	0.85
Holton Holdings	Thursday	0.50	1.5	0.95
Middle Group	Friday			
Moorgate Investment Trust	Wednesday	2.4	6.6	
Multisite Electronics	Thursday	0.2	0.7	0.2
Nobal Electronics	Thursday	1.7	4.36	
Park Food Group	Thursday	1.25	2.75	
Scott Piddford	Wednesday	1.7	4.36	1.98
Stanley Leisure Organisation	Wednesday	1.75	2.75	2.0
Synco Engineering Group	Thursday	0.3	0.7	0.48
Tireley Eliza	Thursday	1.80	3.0	
Tomkins	Tuesday	2.0	4.75	2.7
Topas	Monday	1.8	4.0	
Triplex Lloyd	Monday	1.75	4.0	0.5
INTERIM DIVIDENDS				
Aaronson Brothers	Monday	1.8	1.7	
Asda Group	Monday	0.3	0.7	
Asda Group	Monday	0.3	0.7	
BWD Securities	Wednesday	1.0	2.5	
Central Motor Actions	Wednesday	1.0	2.5	
City of Oxford Trust	Monday	1.2	2.25	
Clydebank	Monday	0.575	0.575	
Dennison Electrical	Wednesday	0.25	0.5	
Dewey Warren Group	Friday	1.85	3.85	
Devonport	Thursday	0.7	1.5	
Drayton Far Eastern Trust	Thursday	0.5	1.8	
Elandford Gold Mining	Thursday	0.5	1.8	
Eurotherm	Thursday	40.0	40.0	
Emcor International	Monday	1.62	4.42	
Emcor Dual Investment Trust	Tuesday	1.25	4.25	
First Leisure Corporation	Tuesday	0.75	2.25	2.25
General Consolidated Inv. Tr.	Wednesday	1.35	2.35	
GWR Group	Thursday	4.8	5.48	
Macarthy	Thursday	5.0	5.0	
Macarthy	Thursday	5.0	5.0	
Macarthy Holdings	Wednesday	2.8	4.5	
Malpas Mining	Monday			
M&P	Thursday	1.1	2.3	
Marshall Mues	Tuesday	100.0	440.0	
Marshall & Mercantile Extra Tr.	Tuesday	1.875	7.5	
Marshall & Mercantile Trust	Tuesday	1.5	2.8	
St. Andrews Trust	Monday	2.5	2.8	
Southland Group	Monday	2.8	5.2	
Selective Assets Trust	Wednesday	2.8	5.2	
Shelburne	Friday	0.085	0.085	
South African Land & Explo.	Thursday	275.0	28.0	
Southland Holdings	Thursday	275.0	28.0	
Southland Investments Corp.	Thursday	0.005	0.005	
Throgmorton USM Trust	Tuesday	0.005	0.005	
Tilly International	Wednesday		0.3	
Tilly of Property Shares	Friday		1.62	
Tristram Investment Trust	Thursday	0.25	4.31	
Trust Real Estate & Property & Min.	Thursday	80.0	90.0	
Western Deep Levels	Thursday	200.0	200.0	
Western Investments	Monday		1.5	

Dividends are shown net of basic tax and are subject to any adjustments for tax credits.

Figures are shown net of basic tax and are subject to any adjustments for tax credits.

Figures are shown net of basic tax and are subject to any adjustments for tax credits.

FINANCE & THE FAMILY

Chris Hasson offers help to amateur analysts

Private investors can join the big league

INSTITUTIONAL investors subsidise a small army of well-paid City researchers who daily churn out pages of analytical reports and circulars which important investment decisions are made.

But how do private investors, lacking the resources of the institutions, go about tracking down financial information on public or private limited companies? The task is relatively simple in the case of public companies. An essential base of corporate data can be obtained from company directories. The two most useful are the *London Stock Exchange Press Company Handbook* (£79.95 inc p&p), which are respectively published four and three times annually.

They cover all UK-registered companies with a full listing on the London Stock Exchange, plus those with a Unlisted Stock Market or Third Market quotation. Either guide is a worthwhile initial investment for the budding amateur analyst.

Through the head office of the target company, call the company secretary's office or the PR/information department. Almost all public companies will happily send you a copy of their latest annual or interim report, and some may place you on their distribution list for future news.

Good annual reports are those which fully describe the company's activities, management philosophy, track record, and future prospects. Such reports are an exception not the norm. Far too many public companies fail to use their annual report to explain why they are worth investing in.

This is especially disadvantageous to the potential private investor who lacks the professional clout to extract additional information.

City analysts and institutional investors who approach public companies for information are often invited in for a

spot of lunch and a tour of important plants. Private investors, on the other hand, rarely get such treatment.

The few who write to company chairmen asking to view company operations are usually regarded as mischievous eccentrics to be palmed off instead with an invitation to the AGM.

A number of more enlightened companies are, however, trying to develop ways of more effectively communicating with private shareholders.

Schemes such as shareholder "roadshows" held in different regions of the country, wider

the service to spot board changes or share stakes changing hands in companies which may not get any press coverage until after the share price has taken off.

Many investment ideas, however, do originate from a comment in the financial press.

Taken together with the annual report, a broad selection of recent newspaper articles will most likely provide a fair picture of a particular company's merits. Unfortunately, most press cuttings services – especially computer-based systems such as Textline – are expensive and aimed at corporate subscribers.

Probably the most cost-effective service is that provided by McCarthy Information, part of the *Financial Times* group.

Cards of press cuttings are maintained on all quoted and many unquoted UK companies. These can be obtained by post or facsimile for an annual subscription of £48 and a small charge per card.

You can also call relevant specialist publications to ask if they have published any significant articles on the company you're interested in. Back copies are usually available for a modest charge.

Finally, if you are seeking raw financial information on private limited companies or perhaps the subsidiaries of public enterprises, a visit to Companies House in London, Cardiff, Edinburgh or Belfast may be required. All limited companies in the UK are required by law to submit audited annual accounts to the Companies Registration Office.

Personal callers with a couple of hours and £2.50 to spend can view pages of microfiche files on individual companies.

Alternatively, several commercial "search" firms will do the job for you for around £20 per company. The Department of Trade and Industry is also upgrading and developing a fast search and delivery service available to the general public.

Active investors with an interest in potential "baby" situations, for example, can use

early as this year's Conservative Party Conference.

Even Giddy, who will manage the fund, says that as a general rule he will look for companies which have "been around for a while. The smaller companies sector consists of an enormous range of engineering and miscellaneous stock. I would be slightly wary of high-profile service industry shares, for example in advertising and PR companies, which were born in the bull market of the 1980s and where the assets have a tendency to walk out in a huff."

Up to 5 per cent of the trust may be invested in unquoted names, but most of the companies will be "at the larger end of the small companies scale," according to Gould – in other words between £50m and

£200m in capitalisation. R&M is issuing 30m ordinary shares at £1 each. For every five ordinary shares, shareholders will receive one warrant giving the right to subscribe to an additional ordinary share at £1 every year up to and including 1996.

Shares in the trust can be put in a personal equity plan (PEP). Usually, you can only put up to £3,000 of investment trust shares in a PEP, whereas you can put up to £5,000 of shares into one. However, in the case of public offers, such as R&M's, you are allowed to put up to £5,000 of the investment trust shares straight into a PEP. R&M has a front-end charge of 0.75 per cent for its versions.

Sara Webb

AFTER A gruelling day at a conference in Frankfurt, Julie Smith, a young business executive, suddenly remembered that she had forgotten to pay her milkman in south London.

Most people would have waited until they got home to deal with the problem. Julie had a better idea.

All I did was pick up the telephone, call Firstdirect in Leeds and my cheque was on its way to him," she says.

Julie (who has asked that we do not give her real name) is one of the 50,000 people who, in the past year, have become customers of Firstdirect, Midland Bank's telephone banking subsidiary. Firstdirect has no branches: you can only contact it over the telephone. Calls are answered by bank staff 24 hours a day, 365 days a year. You pay only a local rate in the UK.

To make its services more attractive to customers, Firstdirect pays higher rates of interest on balances in credit, and charges lower interest on debit accounts. It claims to be the first fully-fledged banking service of its kind in the world, although Girobank has run a more limited telephone banking service for some years.

Closing at 8pm. Rates for the two banks are generally very close, although it is clear that Firstdirect tries to maintain a slight advantage on its pricing.

Despite all this, Firstdirect has caught on relatively slowly, compared to interest-bearing current accounts from the large banks and building societies.

Take Nationwide Anglia's FlexAccount, launched in 1987. It picked up 600,000 customers in its first seven months and now has 1.2m. Firstdirect, launched last September, has had 200,000 phone calls in response to a highly visible – although by banking standards relatively cheap – television campaign, and now has 50,000 accounts. This is on course for a target of 100,000 customers by the year end, but it is a modest number by the standards of the industry.

Mike Harris, chief executive,

says he is very pleased with the way things are going. He says between 2,000 and 3,000 people are switching to Firstdirect each month. A new advertising campaign in the daily papers for Firstdirect begins on Monday.

"The maximum number of applications we can cope with is around 3,500 a week," Harris says. "When the volume gets too high, we let the surge roll through and then resume the advertising later."

He says the core of Firstdirect's service is a high interest cheque book current account, which gives instant access. On the first £500 in the account, you will get 9 per cent from Firstdirect, 4 per cent above the rate offered by the large high street banks.

The bank says that it is able to offer better terms than the high street banks because it does not have the high overheads which come with a

David Barchard on Midland's telephone banking

How Firstdirect aims to ring the changes



Firstdirect advertising: aims to present an alternative image for the new Midland Bank account "with a difference"

branch network.

The annual percentage charge on interest payments on your Firstdirect credit card will be 22.8 per cent compared to rates of around 30 per cent for most cards from those large banks which do not charge.

The rate matches those of Town & Country Building Society and National & Provincial. Firstdirect also offers the bill payment service which Julie Smith used from Frankfurt. It covers one-off payments as well as regular ones. "It isn't at all like standing orders," says Harris. "Standing orders can't vary. Our system allows for multiple amounts, delayed payments, and even payments to friends or relatives."

For a payment on demand, you have to first set up details of the account into which payment is to be made. The person or organisation you are paying must have an account into which the money can be trans-

ferred through the banking system. There is no charge for this. How is Firstdirect working out in practice?

Almost everyone who has contacted it seems to agree that – possibly because numbers of customers are still not very great – it is providing a good service.

Harris says that the bank increasingly relies on personal recommendation by its existing customers to its friends. It has received what he says calls "a quite extraordinary number" of unsolicited compliments.

To spread the word, it has printed small cards which customers can give to any friends or relations who are thinking of opening an account with the bank.

Like most of the people who have opted for Firstdirect, Julie Smith is very impressed by the service she has been getting. "The security measures are secure and unobtrusive. There have been no hitches in working the account and when I strayed accidentally into an unauthorised overdraft, I got the politest letter I have ever received from a bank," she reports.

Although Firstdirect is a division of Midland Bank, Julie says she does not think of herself as a Midland customer.

Her main problem has been to persuade her previous bank (one of the "Big Four" clearers) to allow her to move her current account while keeping her mortgage. The bank tried to insist the redeem her mortgage if she changed her current account – a practice which her solicitor advised her was illegal.

Julie is a Premier customer of Firstdirect: one of what is so

far a relatively select band of its Visa Gold card customers who have slightly preferential interest rates and access to an unsecured overdraft of up to £10,000.

Premier current account holders, unlike other Firstdirect customers, pay a £5 fee a month (Julie says this is well worthwhile) and must have an income of £30,000 or more. This qualifies her for a £250 cheque guarantee card which, she finds, comes in surprisingly useful. She also gets slightly higher rates of interest on her current account: 9.25 per cent instead of 9 per cent on balances under £500, for example, as well as a 0.25 per cent on mortgages from Firstdirect.

This slightly ruffled customer image seems to be fairly typical of the bank. "Our customer base is rather more upmarket than we expected," says Harris. Firstdirect has about twice as many customers in the 25 to 44 age group as the high street banks, the most extensive users of financial services.

Its average mortgage size of £50,000 is on the high side, and there is a strong bias to the South-East and London.

The sort of customer Firstdirect feels it can serve best is the frequent traveller whose work or lifestyle means that they have fairly complex financial affairs and cannot easily get to a bank branch.

"We are getting a lot of calls in the small hours," says Harris. "In fact one of the most interesting things about Firstdirect is that a lot of calls to it come outside traditional banking hours."

A good proportion of these calls come from expatriates or businessmen on the move.

Fraud and security worry some people, although Harris says that Firstdirect has not yet had any fraud other than the usual cheque and credit card abuse which all banks have to contend with.

Some users say they find the security system a little difficult: it involves remembering four things. However, Julie Smith says she has had no problems.

A small act of faith

RIVER & MERCANTILE this week launches a new investment trust investing in smaller companies. The R&M Smaller Companies Trust will invest 80 per cent of the money in the UK, with the rest split between the US and Europe.

Isn't this an odd time to invest in smaller companies, given that this sector performed badly last year, leaving smaller companies unit trusts to languish at the bottom of the performance tables?

Vivien Gould, director at R&M, thinks not. She believes that smaller companies have now been brought down to "attractive levels of valuation."

She also and the UK economy improving dramatically over the next two years, with "substantial cuts in interest rates in 1991 and 1992, possibly as

early as this year's Conservative Party Conference."

Even Giddy, who will manage the fund, says that as a general rule he will look for companies which have "been around for a while. The smaller companies sector consists of an enormous range of engineering and miscellaneous stock. I would be slightly wary of high-profile service industry shares, for example in advertising and PR companies, which were born in the bull market of the 1980s and where the assets have a tendency to walk out in a huff."

Up to 5 per cent of the trust may be invested in unquoted names, but most of the companies will be "at the larger end of the small companies scale," according to Gould – in other words between £50m and

£200m in capitalisation. R&M is issuing 30m ordinary shares at £1 each. For every five ordinary shares, shareholders will receive one warrant giving the right to subscribe to an additional ordinary share at £1 every year up to and including 1996.

Shares in the trust can be put in a personal equity plan (PEP). Usually, you can only put up to £3,000 of investment trust shares in a PEP, whereas you can put up to £5,000 of shares into one. However, in the case of public offers, such as R&M's, you are allowed to put up to £5,000 of the investment trust shares straight into a PEP. R&M has a front-end charge of 0.75 per cent for its versions.

Sara Webb

Decision time on water shares

DECISION TIME has come for investors who bought shares in last autumn's flotation of the water and sewage companies of England and Wales. This week they will have to decide whether to pay up the second call or sell their shares.

The shares go ex-dividend on Monday, although there is an opportunity to sell them, but still keep the dividend, up until Friday July 20.

If selling does look like an attractive option, do not forget that the only certificate that will be accepted for sale by stock brokers will be certificate three. You should have received one of these this week, together with a reminder that the second payment was looming. Previous certificates became invalid on June 28.

You may decide you would rather hang on to the shares, paying an extra 70p – or 80p if you registered for shares in your local company at flotation. If so, you must remember to pay the second instalment by July 31. If you miss this

deadline you will be liable to pay interest and risk losing your rights to shares and any associated incentives.

The registrars are running helplines to answer queries.

■ If you hold shares in Anglian, Northumbrian, North West, Severn Trent, Southern or South West, ring Lloyds on 021-633-3033.

■ For Thames, Welsh, Wessex or Yorkshire, ring National Westminster on 0272-359933.

Clare Pearson

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*						
High Interest cheque	5.00	5.10	4.08	monthly	1	under 5,000
High Interest cheque	8.20	8.50	7.68	monthly	1	5,000-9,999
High Interest cheque	9.60	9.80	7.84	monthly	1	10,000-24,999
High Interest cheque	9.80	10.00	8.00	monthly	1	25,000-49,999
High Interest cheque	10.20	10.70	8.56	monthly	1	50,000
BUILDING SOCIETY†						
Ordinary share	7.00	7.12	5.70	half-yearly	1	1-250,000
High Interest access	9.00	9.00	7.20	yearly	1	500
High Interest access	9.75	9.75	7.80	yearly	1	2,000
High Interest access	10.25	10.25	8.20	yearly	1	5,000
High Interest access	10.50	10.50	8.40	yearly	1	10,000
90-day	10.25	10.51	8.41	half yearly	1	500-9,999
90-day	11.00	11.30	9.05	half yearly	1	10,000-24,999
90-day	11.50	11.83	9.48	half yearly	1	25,000
NATIONAL SAVINGS						
Investment account	12.75	9.95	7.85	yearly	2	5-25,000
Income bonds	13.50	10.12	8.10	monthly	2	2,000-25,000
Capital bonds	13.00	9.75	7.80	yearly	2	100 min.
35th issue	9.50	9.50	9.50	not applica	3	25-1,000
Yearly plan	9.50	9.50	9.50	not applica	3	20-200/month
General extension	5.01	5.01	5.01	not applica	3	-
MONEY MARKET ACCOUNT						
Schroder Wagg	10.82	11.37	9.10	monthly	1	2,500
Provincial Bank	11.02	11.58	9.27	monthly	1	1,000
UK GOVERNMENT STOCKS						
9pc Treasury 1991	13.15	11.08	9.80	half yearly	4	-
9pc Treasury 1992	12.91	10.81	9.54	half yearly	4	-
10.25pc Exchange 1995	12.08	9.41	7.80	half yearly	4	-
8.5pc Treasury 1994	12.51	10.33	8.86	half yearly	4	-
9pc Treasury 1993	10.90	9.58	8.48	half yearly	4	-
Index-linked 2pc1992/93	14.11	11.37	11.08	half yearly	2/4	-

*Lloyds Bank/Halifax 90-day; immediate access for balances over £5,000.†Special facility for extra £10,000. ‡Source: Phillips and Drew. §Assumes 5.5 per cent inflation rate. 1. Paid after deduction of composite rate tax. 2. Paid gross. 3. Tax free. 4. Dividends paid after deduction of basic rate tax.

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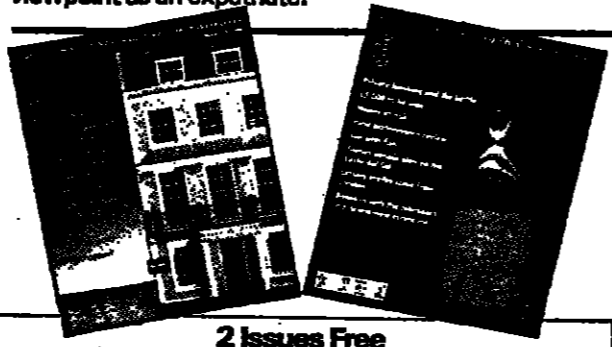
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FINANCE & THE FAMILY

EXPATRIATES

How to get away from the British taxman

THE STREAM of Britons leaving the UK to take up jobs or make new lives overseas has – two world wars apart – continued without interruption for generations.

The years have, of course, brought about subtle changes. Fewer of those leaving for employment will spend the whole of their working lives overseas than would have been the case as recently as 20 years ago.

Nor is the avoidance of tax at home as important a factor as it used to be. Many expatriates will actually find themselves moving to areas of higher taxation.

Be that as it may, escape from Britain's tax system at the earliest possible moment, and to the greatest possible extent, must remain an important consideration for everyone departing overseas. This end can best be served by becoming not resident and not ordinarily resident there.

In the case of those taking up employment, this necessitates a full-time engagement overseas for a period which extends beyond a complete tax year (6 April to 5 April) and the limitation of home visits so that they exceed neither six months in a tax year nor three months on an average.

Those retiring overseas permanently will need to point to evidence of the fact, such as the sale of their UK home and the purchase of one overseas.

Failing this, re-designation will have to wait until the following year, provided the visit limits have not been exceeded, the change of status will be granted retrospectively. This same regime also applies to anyone taking up trade or business overseas.

Whichever it is, all those whose departure does not involve full-time employment or business abroad must bear in mind that visiting the UK, for however short a period, when accommodation is maintained there, will result in a status of resident for the whole

of the tax year concerned.

Since the status of spouses is determined largely independently of each other and according to their respective circumstances, this frequently results in one party – usually the wife – being a tax resident of the UK when the other is not.

Confirmation of your change of status immediately frees you from UK tax in respect of all overseas income and, in addition, realised capital gains both

these are your only sources of UK income.

Furthermore, those non-residents who are British or Commonwealth citizens, together with certain other smaller classes, are now entitled to the same allowances and reliefs from tax as UK residents, while husbands and wives are taxed separately on their respective incomes.

Should you retain your UK home, then provided that your absence from Britain is to be



within and outside the UK – excepting only gains arising from UK business assets.

This is very satisfactory as far as it goes but, in large measure, liability continues in relation to UK source income.

Happily, there are a number of mitigating factors.

In the first place, some UK source income will be exempt from tax. Those holdings of British government securities which in this paper's listings carry the symbol "I" are perhaps the prime example.

However, notwithstanding appearances to the contrary, there is no exemption for gross paid interest from UK banks or building societies or British state pension. But, generally speaking, the Inland Revenue will make no attempt to collect the tax which is strictly due, provided that one or more of

for no more than four years, or if the property is lived in by you or your spouse for at least six months every year, MIRAS relief will, in most cases, continue in respect of the interest paid on the first £20,000 of any mortgage. This will be so even though you have no liability to UK tax at all.

Against this, property retention will inevitably give rise to a community charge (poll tax) liability unless you can pass it on to a tenant of six months or more duration.

Notwithstanding – perhaps even because of these complications, achievement of non-residence gives rise to many opportunities to reduce your tax liability even more.

The following are but a few examples:
■ Save CGT by deferring disposals until after your change

of status.
■ Avoid income tax by accumulating savings overseas and, so far as possible, exporting existing income sources.

■ Reduce or even eliminate income tax on UK sources which cannot be exported, by carefully allocating them between the spouses having regard to their respective residence statuses and allowances.

Of course, some overseas assignments will be too short for the achievement of non-resident status. Nevertheless, if your earnings derive from employment which is performed wholly or partly outside the UK in the course of a "qualifying period" which amounts to 365 days or more, they at least will avoid UK tax. For this purpose, a qualifying period is one which consists of periods of absence from the UK, together with periods spent in the UK so far as sandwiched between such absences.

However, the UK periods must not exceed either 63 consecutive days or one sixth of the days in the period. For women, the appropriate figures are 90 days and one quarter of the days in the period.

Great care is necessary in the application of the test. But whether your absence is to be just a few months or tens of years, there is no doubt that the most difficult of Britain's taxes to avoid is inheritance tax, for the reason that the extent of your taxability depends not upon residence but upon domicile.

Thus, only those emigrating permanently will escape the charge and only then after the elapse of three years and in relation to non-UK assets.

Few it is who succeed in getting the UK taxman the slip altogether!

Donald Elkin

Donald Elkin is a director of Wyndham T. Fry Ltd of Worthing, West Sussex.

Trust for a grandchild

Q&A BRIEF CASE

I WISH to set up an accumulation and maintenance trust for my grandchildren. My daughter married an Australian and is currently living in Australia. She has dual nationality, as does her child.

1. Can her child be the first named child in the settlement deed and be a beneficiary of the trust, even though not a UK resident?

2. Can my daughter be a trustee of a UK trust?

3. I am aware that the trust will pay UK tax at 35 per cent, but if in the future the trustees authorise discretionary payments to the child in Australia, can income tax at 35 per cent be recovered on behalf of the child on these payments?

There is no reason why your (Australian) grandchild should not be a beneficiary; and it is permissible to have trustees of the trust who are not resident in the UK; indeed, if all the trustees are resident outside the jurisdiction this may be an advantage.

If the trustees are resident in the UK the discretionary beneficiary should be able to reclaim the additional rate tax, but if they are resident abroad that would not be the case. It would be wise to obtain expert tax advice.

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My wife and I have made separate wills, each leaving everything to the other with the balance on the second death being split between our children/grandchildren in specific percentages.

My solicitor advised us that there was no need to leave a specific percentage of the house to our children on the first death as the survivor had two years' grace to transfer £125,000 free of tax under the deceased partner's will, and a further £125,000 could be transferred free of tax when the survivor died.

If this is so, why is there any need to will, say, 45 per cent of the house now to our children? Or does this apply only to tenants in common? We bought our current house in our joint names so I presume we are joint tenants.

If you wish to rely on the ability of your children to enter into a deed of arrangement under Section 142 of the Inheritance Tax Act 1984, you can do so. But you must bear in mind that if the survivor were not able to conduct her or his affairs effectively at the relevant time it might be difficult in practical terms to achieve

what is required. Moreover, the income tax position following a deed of arrangement would not necessarily be the same as where the gift is made in the will itself.

However, it is correct that no disposition of the interest of the testator in a house held on a beneficial joint tenancy is necessary; the interest accrues automatically to the survivor. You would need to examine the conveyance or transfer to you and your wife to determine whether the beneficial interest is held as joint tenants or tenants in common.

Transfer of shares

MY SON owns ordinary shares in a public company purchased in 1984, which are worth about £11,000 at the current price and, after indexation, show a capital gain of £4,000. He now wants to transfer them to his sister for nil consideration. The following questions arise:

1. It is assumed that my son, the transferor, will not be liable for the capital gain and that his sister will be deemed to have bought the shares at the price of the original purchase plus indexation up to the time of transfer. If this is so;

2. Would his sister be liable to pay the capital gains tax at the time of the transfer, or when she disposes of the shares?

3. Would my son be liable to inheritance tax despite the fact that the shares will be transferred for nil consideration?

1. Your son will be liable to CGT as though he had sold the shares to his sister at their market value (on the quarter-up basis) on the day of the gift.

2. Your daughter will consequently be treated (for CGT purposes) as though she had bought the shares from him on that day. When she disposes of the shares, she will therefore only be taxable by reference to any rise in their value during her period of ownership, subject to indexation relief.

3. The gift will be a potentially exempt transfer, so there will be no inheritance tax to pay unless he dies within seven years.

Tax break on rented office

I AM THE joint owner of a residential property which is occupied by myself and the co-owner as our main residences. One room is rented as an office on a monthly basis to a company of which the co-owner is a director. I am paid a monthly rental.

Although the house is jointly owned we have agreed

that the whole of the rent shall accrue to me in recognition of the inconvenience caused to me by the company's presence. How will this income be treated for tax purposes, and what allowances/costs may be claimed against it?

On the bare facts outlined, the rules of section 79 require that half the assessable income be treated as yours and half as the co-owner's. The agreement between you appears to have no effect upon your respective tax liabilities.

Time to claim allowance

IN 1984 I gave some shares to my son, the shares being originally acquired pre-March 1982, and we applied for rollover relief of the CGT liability. The shares were sold in 88/89, and the tax inspector claims that the donor's base cost is the 1984 transfer value less held over gain from the date of the original acquisition.

However, the held over gain was substantial prior to March 1982, and the inspector's ruling means that this element of the gain is being taxed in 1989. Since the 1988 Budget was said to eliminate taxation of gains made prior to March 1982, I consider the ruling unfair. Have I any grounds for pursuing the argument further?

Although your son's tax inspector is technically correct, that is only because your son has not (apparently) submitted a claim for relief under paragraph 1(a) of schedule 9 to the Finance Act 1988. The time limit for such a claim does not expire until April 5 1991. Your son should write to his inspector along the following lines:

"In accordance with paragraph 8 of schedule 9 to the Finance Act 1988, I claim that the deduction which falls to be made by virtue of section 79(1)(b) of the Finance Act 1980 from the consideration for which I would otherwise be regarded as having acquired the asset mentioned below shall be one half of the held-over gain:

... shares in ... plc

acquired on ... 1984 by way

of gift from my father, Mr (name and address), in respect of which a joint claim under section 79 of the Finance Act 1980 was made on ... 1984 and was submitted to your colleague at ... District under his reference ... by whom a calculation of the held-over gain is held."

Fencing duels

I HAVE been living in my detached house for 25 years. When I moved in, my neighbour erected an intervention fence on the left-hand side of the property and I erected a fence on the right-hand side.

The original owner then sold the house and the next owner said that it was his fence – he maintained it; indeed he even forbade me to touch it.

A couple of years ago the house changed hands again and this present owner replaced a fence with the fence. Recently storms blew quite a few more panels down, and the owner now says that he has been to his solicitor and that the fence is in fact mine and my responsibility.

I have not yet looked at my deeds, but my neighbour says that his deeds do not state who is the owner of the fence, and neither will mine. He says it is my fence because he claims that the law states that the fence belongs to that house. Is he correct?

There is no basis in law for your neighbour's suggestion. If the deeds of the two houses do not show ownership of the fence in question the actual history will establish that the fence belongs to the house whose owner erected the fence (presumably at his own cost).

HUNGARY

The Financial Times proposes to publish a Survey on the above on SEPTEMBER 26, 1990

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FINANCIAL TIMES

LONDON & NEW YORK

PERSPECTIVES

Small bites in Dracula's mountains

Rivers of the East: Tom Fort dodges the bears and sleeps in a dictator's bed in Romania

THE trout of Romania are very many and generally small. The bears are also numerous, and big. My intention in visiting this beautiful and friendly country was to fish for the former. But the latter proved to be something of a distraction.

I should, perhaps, say at once that I never actually saw a bear - at least one which hadn't been stuffed, or converted into a rug. But my awareness of them was acute, and I think my fishing may have suffered.

For three days I stayed at a little place called Lapusna, in the northern Carpathians, alongside the River Gurghui. My quarters were immediately next to a hunting lodge built for the Royal Family in the 1930s, and subsequently annexed by the unlamented dictator, Nicolae Ceausescu.

The Gurghui mountains, whose dark, forested slopes stretched away from the lodge, are full of bear, and here the Leader would come, to shoot them from a little hut with a high voltage light suspended above it. I was curious about the procedure, and much of the talk was of these mighty creatures.

From talking about bears, and

reading about them, and speculating about them, it is but a short step to hearing them. When I was fishing alone on the river, as dusk was falling - the bear's favourite time for a snack - I heard plenty. In the mud beside one pool, I found a pair of round, deep footprints. I am no naturalist, but I know that there are not many forest beasts in the habit of walking around on two legs. When I heard movements in the trees on the far bank, it was a case of rapid exit pursued by (imagined) bear.

A few days later I found myself in another Carpathian valley, that of the Neagra, which lies to the north west of the Caliman mountains, just inside Moldavia. About 20 miles north east is another valley, that of the Bistrita where Bram Stoker - who never got as close as me to the residence of his thirsty villain, Count Dracula.

It was no surprise to discover

that Ceausescu had also come here in his ceaseless quest to shoot Europe's largest bear - I was told with much hilarity that I had been sleeping in his bed. And only a fortnight before, a woman, who disturbed a mother bear and her cubs was attacked and horribly mutilated not more than a couple of miles from where I was fishing.

In these circumstances, it is not easy for one of nervous disposition to concentrate on life in the water, particularly as this necessitates keeping one's back to terra firma and any visitors. The imagination will persist in providing unwelcome inventions: gleaming teeth, glittering hungry eyes, outstretched claws - you know the sort of thing.

That I managed to catch any fish at all was entirely due to my guide and mentor, Grigore Lungu, who has spent half a lifetime fishing the mountain streams of the Carpathians. As well as organising for me



hospitality on a heartwarming scale, he took me to some of the loveliest waters I have seen. Grigore is the first to admit that the trout and grayling fishing is not what it once was. In many places pollution and hydroelectric schemes have brought disaster. And on all but the most inaccessible rivers, poaching - by a people driven to desperation in the search for pro-

tein - has severely depleted stocks. Nevertheless, there is fishing to be had on innumerable waters, ranging from mountain rivulets to the broad reaches of the Upper Mures, noted for its grayling. My license from the National Fishing Association would have enabled me to cast a line in well over 100 rivers and lakes, had I had the time and the appetite.

The most remarkable region I visited was the Retezat mountains, part of the south western Carpathian chain, where the peaks rise to well over 6,000 feet. Here my instructor was Istvan Horvath, an expert on the wild and dangerous paths (not bears this time; the weather). He took me to pellucid alpine lakes, whose mysteries - of the angling kind - I wholly failed to unravel, although I did manage to take a few bright little trout from the rushing waters of the Big and Little Lapusna rivers.

Perhaps the best looking of the rivers I saw was the Neagra. The valley is unusually broad and open, making it possible to employ my English tactic of casting the fly, rather than the calculated dither dictated by enclosed conditions elsewhere. Unfortunately, while I was there, an army of storms was chasing each other around the mountains, periodically releasing tremendous downpours which turned the river to a malignant cocoa colour. We caught a lot of trout and grayling, none big enough to keep.

On the Gurghui I suffered in blistering heat. The fishing in the upper reaches is restricted to a privileged few, and one of my companions - not an angler - made it clear that great things were expected of me. There are those who can respond to such a challenge, but for me it was the psychological equivalent of eating my line. My only minor triumph came as I

was still recovering from the shock of seeing a large red deer loom on the far bank before crashing up the hillside. I spotted a rise, cast, and caught a nice little trout of fully six oz. a large specimen in these parts.

But my finest hour - although it may not sound much - came on a little crystal stream called the Iva, which runs into the Mures after tumbling down a twisting valley from the mountains in a succession of rapid runs and tiny pools. Under one bridge I caught a nice grayling and several minnows. And above the next bridge, more fish were rising. By now it was almost dark, and I cast across. As the fly came round towards the arch, I sensed rather than saw a response, and a few moments later a sizeable trout was landed.

In the dusk, men from the village nearby - alerted by my catch of excitement - congregated. With smiles the fish was appraised. Handshakes followed, and exclamations of astonishment when I displayed the killing fly - a Chisnahan sedge, in case anyone is interested. It was a moment for any fisherman to savour. And the size of the moment? I will stake my reputation that it exceeded nine oz.

Despatches

Land of the counterfeit dollar

GENERAL ISSAM Abu Zaki, the head of Lebanon's judiciary police, pulls a \$100 bill from an envelope, runs his finger over it and holds it out for inspection. "Is it real?" he asks rhetorically. He knows that like the dozens of other \$100 bills spread out in front of him, it is a counterfeit.

Because of the 15-year-old civil war and his more-than-limited jurisdiction, Gen Abu Zaki and his colleagues can only wait for victims of counterfeiting to turn in their bad money without hope of recompense. On Gen Abu Zaki's desk is one of those statues of three monkeys, seeing, hearing and speaking no evil. It sums up the role of Lebanon's police.

On the wall behind Gen Abu Zaki's desk the problem is more accurately defined by a verse from the Koran. "If an evil-liver brings you tidings," says surah 49, verse 6, "verify it, lest ye smite some folk in ignorance and afterward repent of what ye did." No-one in Beirut is "smitten in ignorance," least of all by the police.

It was probably inevitable that of all countries, Lebanon would be flooded with high-quality counterfeit banknotes. "All crime is linked," Gen Abu Zaki says, "because people who are dealing with drugs and weapons are also dealing in counterfeit currency and prostitution. Some of the counterfeits are printed in the Lahad [Israeli occupied] area of Lebanon, and some are printed in southern Lebanon. The quality we have here in Lebanon is not nearly as good as the quality coming from Israel."

The police, and Lebanese officials, believe that the Israelis are deliberately introducing counterfeit notes into Lebanon to destabilise the economy, just as Nazi Germany and Great Britain counterfeited each other's currency during the Second World War. Other Lebanese offer an equally bizarre explanation for the effusion of counterfeit \$100 bills.

"The Americans paid the Iranian counterfeits hundreds for some of their hostages," says a Hamra Street banker. "The Iranians are using the American fakes to pay the Hizbollah."

The worst counterfeits are thick, discoloured notes, easily identified by the Lebanese. They are printed on offset presses in the Bekaa Valley.

Officials at Lebanon's central bank have noticed a high demand for US \$1 bills - which are often sold on the street for twice their nominal

value - because counterfeiters find that by rinsing the ink off them and reprinting them as \$100s, the paper at least is real. There appears to be no end to the supply of counterfeit banknotes. Gen Abu Zaki reckons there are "hundreds of thousands of fake \$100 bills" circulating in his country. Lebanese bankers say many of the notes find their way to Syria and Europe.

"It is very difficult to penetrate zones like the Bekaa," Gen Abu Zaki says. "As soon as a printing plant is discovered, they just move their equipment and money." But the general proudly boasts a couple of small local victories for his police force.

They recently arrested a man in Beirut's southern suburbs with more than \$1m in poor-quality \$100 bills packed in a suitcase. The man said he had intended to take the money to Libya.

"People in Libya aren't used to the problem. They might not have noticed," says Colonel Malik Abdul Khaled, the chief of the counterfeiting and forgery division of Lebanon's judiciary police.

Last year, the police raided a printing plant in the seaside Jal-el-Bahar quarter of Beirut. The plant, which was owned by one of Lebanon's militias, printed books during the day

and at night switched over to American Express travellers' cheques and Saudi riyals. In the cupboard in his office, Col Abdul Khaled still has 13 thin zinc metal plates, each 60cm by 70cm wide, with images, letters and figures outlined by non-printing areas, non-receptive to ink. Each plate corresponds to one colour on the Saudi bills or travellers' cheques.

In spite of the danger of ending up with worthless paper, most Lebanese still prefer dollars to their own unstable Lebanese pound. Three quarters of the money used in Lebanon is dollars. In the Israeli-occupied "security zone" of southern Lebanon, counterfeit notes are said by police to be so prevalent that no-one dares to question their value. But elsewhere, the abundance of counterfeits is making it difficult to spend even legitimate banknotes.

In the southern Lebanese town of Naqoura, where United



General Issam Abu Zaki, the head of Lebanon's judiciary police, contemplates a small portion of the millions of dollars in counterfeit money circulating in Lebanon.

Nations troops have their headquarters, international telephone operators will not accept \$100 bills. In Beirut, shopkeepers and money changers run their fingers over each bill, hold it up to the light and often leave clients waiting while they run to a nearby colleague or bank to seek a second opinion. If the bill is judged to be worn, soiled, too thin, too thick or off-colour, the merchant will refuse a sale rather than risk taking a phony. Sometimes he writes down the client's passport number and asks him to sign the bill so he can be traced if the note proves to be a fake. Would-be passers of counterfeit money have been known to take flight when the money changers of Hamra Street test their \$100 bills under an ultra-violet lamp. US currency - whether fake or real - has no hidden or fluorescent features, but the ultra-violet lamp is used for psychological effect.

"We have no more sophisticated means of detection than the general public," says one of Gen Abu Zaki's deputies. "We take a \$100 bill which we know is good and compare it with the one we are testing. 'First we look for colour, then the feel of the paper. You should feel the printing where it says 'United States of America' and the corners of the bill with the '100' feel like the scales of a fish. 'We check the number against lists of known fakes, the dimensions of the paper, the disposition of the figures and images on the note. But elsewhere, note shouldn't crease when you fold it.'"

If Lebanon's police can do little to stop the counterfeit presses, Lebanon's central bank, which has taken extreme measures to protect its own currency, feels it has no responsibility for the American dollar. Perhaps understandably, officials at the central bank seem to relish the misfortune of those who have so unpatriotically persisted in trading in dollars. "The Lebanese pound is extremely secure against counterfeiting. Only its value is not safe," says Mohammed Naifi, an expert on counterfeiting and one of the bank's highest-ranking managers. The Bank of Lebanon has for many years contracted with Thomas de la Rue of London to print bank notes incorporating most of the security features available. The resulting banknotes are so beautifully printed with scenes of Lebanese classical ruins that it seems criminal to squander them for their paltry buying power. The highest-denomination banknote, printed by special order of the Lebanese Parliament to cope with devaluation and inflation, is L21,000, which is worth approximately 21 sterling. Lebanese criminals have nonetheless found a uniquely Lebanese way of reproducing the \$1,000 notes. They fan 10 out, make one cut down the middle, then reassemble the notes with transparent tape. The process creates 11 banknotes out of 10, each just 5-10mm shorter than the original. The central bank now refuses to accept any Lebanese note with tape on it. "It's not difficult at all to counterfeit dollars," Naifi says. "The dollar has no watermark, no security thread, no fluorescent fibres and only one colour. All denominations are the same size. It is not a secure currency."

Harsh side of the Himalayas

EVEN before the tragedy Doug Scott's box had, like its owner, acquired a reputation among the hardy but diminutive inhabitants of Baltistan in the Pakistani Himalaya. A large, beautifully-made wooden trunk bound with metal straps, it stood out in a Victorian splendour against the multitude of dirty brown kitbags and plastic drums that are the standard among expeditions to the region.

At the beginning of June word of the famous British mountaineer's arrival had spread like wildfire along the precipitous dusty brown tracks of the Karakoram. Many of Baltistan's 2,500 or so porters had met Scott before on one of his seven previous expeditions but this was the first time they had seen him travelling with his own personal box.

On the gruelling six day walk-in to Laski base camp at 15,000 feet on the Choktoi glacier, porters from Hsabe and Kapnu vied to carry the expedition leader's personal effects. It was not so much that the box contained enormous riches, which it did; nor that it was easier to carry than the party's kitbags, which it most

certainly was not; it was more a question of status for here was a container worthy of a man for whom the fiercely independent Baltis had considerable respect and admiration. In 1977 eight of them had carried Scott to the safety of an army helicopter after a few hours' ordeal on the Oga when he battled for his life in a storm with two broken legs.

Named affectionately the "Dustcart's box" (simply the Balti way of pronouncing Doug Scott) at the end of each day's march it would be placed carefully outside his spacious "Himalayan Hotel" tent. From it would be pulled, as if from a magic hat, seemingly never-ending supplies of herbal sweets and remedies, chocolate bars, cameras and medicine.

The following morning the lid of the box would be closed and the whole contraption tied on to a porter's back. The journey to base camp took Scott's party, 60 porters, his box and five climbers under towering moraines of unconsolidated mud soaring hundreds of feet into the air, over precarious snow and ice bridges spanning hidden cre-

vasses and across icy streams and rivers in full spate.

But for the porters, whose livelihood involves clambering over ground the non-climbing mortal would consider impossibly dangerous, the most fearful part of the trip was a night spent on the flat in an oasis of green known as "The Place Where Qurban Died." There, buried under a great block lies the body of Qurban, a young porter from the village of Askole who died of hypothermia about a decade ago. It is said that his wife was so overcome that she killed herself and her only child.

Either because it reminds them of the dangers of their job, for which they are paid about \$5 a day, or because of a fear of Qurban's ghost, most porters will try hard to avoid spending the night there.

It was four weeks later on a return journey less than a day's walk from Qurban that we looked down the 200 ft cliff into the raging Baldu River to see Scott's box swirling gracefully by.

First, disbelief. Then, fury, as we remembered that all the expeditions cash reserves plus \$5,000 of camera equipment

were about to disappear forever. Finally, despair as we realised that tied to the box, but hidden by a raging brown mass of glacier water, was Sher Mohammed, son of Abdul Rachman, a porter from Sagar whose face none of us could remember as he had been hired just two hours before at Jola Bridge.

We searched in vain for the body over the following days but as we did so the legend of Dustcart's Box - and the "unimaginable" riches it contained grew out of all proportion. Scores scanned the river bank in vain for a sight of it. No-one asked after the dead porter.

In Skardu the charming highly placed official helping us to deal with the affair said the porter's pretty young wife would use the insurance to find a new husband before the summer was out.

Richard Cowper

Richard Cowper is a member of the British Lakok expedition which is sponsored by Inspectorate OIS, part of the Eromanga Group of Companies.

Active Citizen

Restaurants to feed the poor

RAM GIDDOOMAL has given up his position as the group chief executive of a successful seafood processing and marketing company to follow a much less lucrative path. Instead of spending his time turning deals exporting smoked salmon and shrimp, he now spends four days a week raising money for charities that aid the poverty-stricken of South Asia. Last Christmas he helped organise Christmas Cracker, a project designed to recruit young people throughout the UK to set up short term restaurants at which customers pay higher than average prices for their food, the extra money going to these charities.

Over 20,000 youths participated, creating more than 100 restaurants. The programme raised £400,000, and drew the attention of the BBC, ITV, and Sky Channel.

Ram made his drastic occupational switch two years ago, after a business trip took him on his first visit to his ancestral India. His job was to arrange the purchase of seafood for his company's international operations. Jet lag, culture shock, and extensive travel along India's 3,600 mile coastline made the trip gruelling as he flew from port to port, negotiating purchases.

On his last evening in Bom-

bay, Ram met a group of community workers. "These people took me along to one of the shanty towns where they worked. You can see these sorts of sights every day on television, but nothing prepares you for the horror of actually being there. I was particularly struck by a four or five year old boy who looked a little like my own son of that age. When I saw where the boy lived, and where he was going to sleep that night, I couldn't believe it. And the next highlight of my tour of the shanty town was a street which was full of child prostitutes. I was utterly nauseated, emotionally churned up."

"From the shanty town, I had to go straight to the airport. Within minutes, I was in my first class seat in the plane, and I and my fellow-passengers were being pilled with caviar and champagne. I couldn't take it. I broke down. I knew that I had to respond in some way to what I had seen."

Ram became involved with the Christmas Cracker project, as well as two other charities: Indian Ground Work and South Asian Concern. Christmas Cracker set up its restaurants in temporarily vacant high street premises around the UK. Participants displayed a remarkable amount of energy and imagination which was



Ram Gidoomal: from buying smoked salmon to selling charity

inspired by both competition and necessity. The programme offered prizes to groups with the most imaginative plays to draw public attention. For example, a young squash player of Pakistani origin dressed up as the "Maharaja of Bhawan", and organised a police escort for himself which held up all the traffic around his restaurant. Another group adopted a bear as a mascot. On the other hand, some groups could not find vacant high street premises and had to organise their own locations. One hired a double decker bus.

The prize winners were flown to India to see the projects for which they had raised money. All but £26,000 of the project's administrative costs were covered by Asian businessmen, and groups such as the TEAR fund and Interserve, and the extra was funded by a young Asian millionaire. This allowed all of the money raised to actually go to the needy in South Asia.

This year, Christmas Cracker plans to extend its relief effort into other nations, possibly raising as much as £10m. In the meantime, Ram finds himself as one of the two main heads of South Asian Concern, the first relief and disbursement committee in the West driven entirely by non-Caucasians.

Ram says his generous nature probably originated during his childhood exposure to the values of the traditional Asian family. "I believe that instinct within every family. In Asian families, one sees one's parents responding wherever there is a need, so it seems natural to most Asians to help others. Asian families have extended links: everybody is addressed as 'Uncle' and 'Aunt'. One stops being entirely conscious of who's a blood relative, who's related by

marriage, who is actually only a friend's relative, and so on. The links go a very long way, at least within one's own group, which may be defined by caste, language, or other considerations."

In 1972, Ram became a Christian. He feels this conversion sharpened and extended his nature beyond the concern for caste or community group-typical of Asians.

Ram knows he cannot single-handedly wipe out the world's poverty, but says he can "make a difference" and that "each of us can make a difference" through long-term personal involvement.

"If you do things that are crazy, and chat about what you did with others, as you inevitably do, then you spread the excitement," says Ram, citing the example of a man asked to donate \$50 for a glass of tap water, who responded by giving \$5. His action inspired him or local television explaining himself, and inspiring many viewers to take similar action.

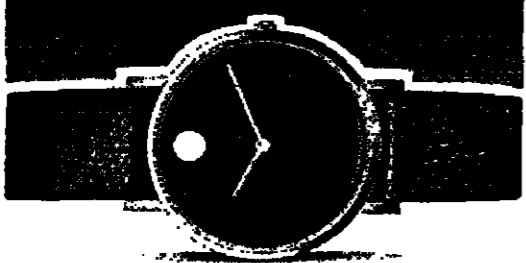
"What he did multiplied in value for him personally," Ram explains, "he'll remember it for a long time. It will also multiply the value of what he gave, because it will cause others to dig deeper into their pockets."

"The creative use of business skills and links makes things happen, gives me the excitement of deal-making, not for making money for myself, now, but for getting others excited, getting them to go beyond themselves, which is after all the reason why Jesus came. If we all do our little bit, we'll find that poverty is not insoluble, as too many people nowadays seem to think. We'll find that the problem is solvable, not merely in the dim and distant future, but in our lifetime."

Prabhu Gupta

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Country Notes

Night racers whose noise annoys

THE IMPACT of motor rallies on the country dweller or weekenders can be considerable. Noise that might be quite tolerable in the daytime can be positively nerve-jangling at night. Motor rallies are mainly nocturnal creatures. Unlike their wild counterparts, they do not operate in silence. The revving of highly tuned engines and the screech of tyres are the very hallmarks of rally action.

It all sounds reasonable enough. Having selected their route, the organisers deliver an information slip through the letter boxes of all houses directly on their route. The tone of the message is jolly. They do hope that you will be able to join the fun as a spectator. Should you require more information please do not hesitate to contact their representative. But one piece of information is often missing: the time at which the hapless countryman can expect to be roused from his weekend slumbers. There is usually a certain coyness in coming forward with this delicate matter.

What happens if one is so bold as to write or telephone saying that one is not wildly enthusiastic? You feel that a concourse of cars being driven at regular

intervals and high speeds under your bedroom window in the early hours is less appealing to you than a night's sleep.

What is likely to happen is that a representative, a trouble-shooter, will appear on your doorstep. His duty is to win you over if not to positive enthusiasm for the rally, at least to acceptance. If, on the way, it is necessary for him to give the merest hint that you are a bit of a spoilsport or even something of a crank in wishing to upset their carefully laid plans he will probably not shrink this unpleasant duty.

It is of course open to the objector to ask the representative just how popular with the rallyists and their families it might be if he were to organise a procession of cars driven at speed, at regular intervals and, at say, iam, past the urban residences of the rally drivers. This approach is usually regarded by the representative as a joke in rather poor taste.

The representative will probably indicate that the police have been informed of the rally plan and have no objection. This may sound as if the rally has the official approval or authorisation of the police. The police are quick to point out, however,

that it is not up to them to give or withhold authorisation. They will simply draw attention to the Motor Vehicles (Competition and Trials) Regulations, 1969, and to the Events Section, Motor Sport Division, of the Royal Automobile Club, which, they say, does authorise motor rallies. While providing rules for competitive motor rallies held on the public highway, these Regulations do not cover the holding of "races or speed trials."

The RAC might perhaps be shocked by the suggestion that these nocturnal motor rallies bear any resemblance to a race or speed trial. Nevertheless it has occurred to some country dwellers that motor rallies do have certain features which remind them of a race and a speed trial.

When an estate agent writes in his country house sale particulars "Situated at the end of a quiet cul-de-sac," he may be offering more of an advantage than he realises. Rally drivers thrive on tricky, twisting and hazard-ridden routes, but unscrupling a dead-end is not quite up their street.

Michael Stourton

HOW TO SPEND IT

Made to measure is back in fashion — even at £2,000 a dress. Lucia van der Post braves the crowds at the second British Couture Week and discovers signs of an exciting revival in the industry

London couture — a snip at the price



From Victor Edelstein, 3/4 Stanhope Mews West, London SW7, a short black dinner dress with wrap, typical of Victor's sought-after After Six dresses — youthful but sophisticated they come in lace, chiffon, in velvet, sumptuous silks and satins. Victor HATES talking money — "so tacky" — but prices start at about £2,000. Fans and clients include HRH The Princess of Wales, Anna Wintour, Editor of Vogue and Tina Brown, Editor of Vanity Fair.



From Hartnell, 28 Bruton Street, London W1, Camilla Wigram, left is wearing a black and red woven duchess satin coat dress with a high portrait collar while her twin Lucy, is wearing an evening gown with an embroidered bodice, a red silk pleated skirt and a red silk taffeta wrap. Blessed with the Royal Warrant, Hartnell is broadening its customer base, much hope is pinned on the autumn arrival of Marc Bohan. Dresses from £1,000, ball-gowns from £2,000.



From Lachasse, 29 Thurloe Place, London SW7, a "hostess dress in printed silk and wool worn with a matador jacket in purple bouclé wool." A collection built round the life-styles of its customers, nice tweeds, dramatic evening coats. Designer Peter Lewis-Crown is keen to reveal much about his clients. But, he has "a mailing list of 7,000 clients," among them bridesmaids as young as four and Christina Foye. Prices start at £1,000 for suits, £1,500 for evening dresses.



From Hardy Amies, 14 Savile Row, London W1, a very heavy pure silk crepe dress in flame red, electric green and purple. Best known for his tailoring and for practical couture that fit into the traditional Englishwoman's lifestyle. Lots of beautifully cut, impeccably tailored suits that will last long after the high-glitz numbers by flashier names. Regular customers include a handful of royals and Felicity Kendall. Wedding-dresses start at about £3,000, suits at £2,000.



From Franka, 11 Dover Street, London W1, a short, sassy evening or dinner dress with a beaded chiton bodice and satin skirt and cummerbund. Some snappy day-suits but I'd go for the wonderful ball gowns in rich velvets, glamorous AND warm, ideal for draughty country house evenings. Looks much too youthful to have dressed Ingrid Bergman, Ava Gardner and Elizabeth Taylor in their prime. A day suit starts at £1,800, a ball dress at £3,000.

OH, THE crowds! The heat! The little gilt chairs! The skinny models, the fix, the kisses! At last week's British Couture Week when for the second time the glided "circle of six" got themselves together and showed during the same week, it was almost... but not quite... like Paris.

British couture, once pronounced to be on the critical list, has been given the kiss of life and is now alive, well and flourishing. Chief source of new nourishment has undoubtedly been the house of Hartnell's bold decision to go for broke and hire a designer — Marc Bohan, ex-Dior — who brought the proverbial talent and je ne sais what to the national cloth. All of London's fashion world is agog to see what he will get up to and all agree that his arrival has to be a good thing.

Haute Couture, at last, in Britain has become something of a talking point and is acquiring a little of the glitz that hovers inextricably round the Paris houses and that leads... when all the ingredients are right... to almost unimaginable riches. British couture, once entirely dependent on the number of clothes it actually sold, looks as if it is shaping up to be less and less about couture, more and more about how to market an image around the world.

All spring the salons have been fixing with activity. At Hardy Amies, the trail of young brides commissioning wedding dresses to set off a tiara and grace a country church is longer than it's ever been. At Franka and Anouska Hempel, at Victor Edelstein and Hartnell, they have been turning out the sort of frocks that would have cut a dash at

King Constantine's birthday party last month, or at the Devonshire do at Chatsworth last weekend.

British social life has perked up. Grand parties and grand houses are with us again, and with them the need to have clothes to match. As Victor Edelstein put it: "Over the last few years the British have been decorating their houses like crazy. There's not much point in having a lovely house and giving grand dinner parties and then wearing jeans. The women who come to me KNOW they will be going to, say, three dinners a week and will need the clothes to match."

Women who wear smart clothes have also cottoned on to the fact that, compared with ready-to-wear designer numbers, couture is actually good value. If you have never entered a salon you may not realise that couture today is... well, almost a steal.

If you live the sort of life that requires some elegant After Six dresses in which to dine, some ball-gowns in which to shine, some suits in which to lunch, then the designer names in Bond Street and Sloane Street have prices tags that would cause most of us to faint away. Valentino, Gigli, Chanel — all charge well over £1,000 for a dress, and £2,000 to £5,000 for an evening dress (And remember these are all off the peg). Whereas, for the same sort of sum (for those who can face these sums without fainting) you could go to any one of the British couturiers, choose a dress in almost any colour or fabric you like, have it made so that it fits you like a glove with the kind of finish that, most of us didn't know still existed.

Zips are concealed, pleats lie immaculately, bodices are boned, linings are silk, buttons are hand-selected, usually in Paris. When you make an appointment with the couturier, you get his or her undivided attention. If you are at all insecure about how to wear it you can get expert advice on what tights, hats, gloves, handbags, belts to wear with your creation. You will be attended to in peace and quiet, your figure faults discreetly disguised. You will have at least three fittings and, when the dress eventually looks a little tired, the house will repair and alter

and generally give it a new lease of life. For all that you pay prices that are often the same or only marginally more than Bond Street, and are at least a third lower than in a French couture house.

The big mystery, then, is does it, can it, pay? In Paris it is no secret that couture itself does not — indeed, it isn't even expected to make a profit. Some of the couture houses scarcely sell a dress. The ritzy shows with the glitzy, high-profile customers establish the image, which is what sells the tights, the perfume, the ties which give the man in the

street a chance to buy a little of the designer magic. This is the way that the vast fortunes behind Cardin, Saint-Laurent, Dior et al have been built.

In London, Hardy Amies is the only one who has established a serious network of licences all over the world. But where Paris goes, most British designers would dearly love to follow.

Anouska Hempel, for instance, is quite open about her aims — to follow the golden Parisian route to establishing an image, to move on to designing tights and hats and

gloves and sunglasses and a network of licences. She sees her couture business as but a step along the way. "I don't make a penny, not a bean, out of the clothes. I'm having to subsidise the business all the way. For one thing, I'm a perfectionist. Every garment is as beautiful inside as out. We make a proper toile, bustiers are boned, lined and interlined. None of that comes cheap."

Manny Silverman who runs the house of Hartnell, courier to the Queen and the Queen Mother (though not yet the younger royals), agrees that there is little money in couture. "You may just squeeze a decent living out of it, but we did not go into this business in order to be couturiers. We went into it in order to establish a brand which we then hope to licence around the world, but in order to do that we need to be very, very good at couture."

I bought Hartnell because I thought it was quite open about her aims — to follow the golden Parisian route to establishing an image, to move on to designing tights and hats and

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I bought Hartnell because I thought it was quite open about her aims — to follow the golden Parisian route to establishing an image, to move on to designing tights and hats and

gloves and sunglasses and a network of licences. She sees her couture business as but a step along the way. "I don't make a penny, not a bean, out of the clothes. I'm having to subsidise the business all the way. For one thing, I'm a perfectionist. Every garment is as beautiful inside as out. We make a proper toile, bustiers are boned, lined and interlined. None of that comes cheap."

At Lachasse, Peter Lewis-Crown does not like my line of questioning. "It is absolute rubbish to say that couture doesn't make money. If you're not greedy you can live quite comfortably. We have 7,000 clients on our mailing list and last year was a boom year, but this year we're having the best year we've ever had." Though the image of Lachasse may seem somewhat staid Peter Lewis-Crown will have none of it. "One of my first clients this year ordered a cashmere mini-skirt."

However, Hardy Amies, where they have about 500 regular customers — a mix of old money, royalty, successful businesswomen and wives of company chairman — makes its money the French way. The couture side has an annual turnover of just over £7m and makes a small profit, but on the back of the Hardy Amies image there is a world-wide licensing operation with a turnover of some £200m (£110m).

British haute couture may still be a slim little circle of six that does not yet carry the international punch or command the headlines of a Dior, a Saint-Laurent or a Lacroix, it has one thing the French would probably kill for — royal patronage. To that, so far, they have no answer.

Glamour for men

If couture seems to you a little claustrophobic, perfumed world, in which men have no role except to do the designing and foot the bills you would be mistaken. Over at Hardy Amies, they are experimenting with a small but luxurious line of haute couture for men. A black evening coat, lapels heavily embroidered with jet-black beading, just the thing for the opera or a grand ball; a white dinner jacket in the finest cream wool, perfectly tailored and given originality with a richly embroidered cream fastening; a velvet evening jacket with a Mao-style collar — mostly within the conventions of the standard male wardrobe but given a couture touch. The collection wasn't expected so much to sell as to ginger up the numerous Hardy Amies licences, to give them a shot-in-the-arm — but to their surprise, it is selling. There is, it seems, a band of chaps, many of them quite outside what we might politely call the "creative professions", of glamour in, who find that their tailor gives them impeccable craftsmanship but little in the way of excitement.



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Anouska Hempel, 2 Pond Place, London SW3. Above is a typically dramatic Hempel number. In black and white double duchess satin, with gauntlet gloves and My Fair Lady hat, this ball dress was shown last season and has already enjoyed a glamorous outing at last weekend's Chatsworth ball. At this week's show there were sophisticated shorts with jackets for winter and rich, sumptuous evening wear. Fans include Pandora Delevigne, Lady Carina Frost, Mrs Galen Weston, Lady McAlpine, the Begum Ali Aziz and Lady Henderson. A day suit is from £1,800, an evening dress from £2,000.

FOOD & WINE

Chianti's cousins move up

Edmund Penning-Rossell revisits the vineyards of the Sienese hills

AFTER VISITING the latest Tuscan DOCG, and spending some days in the largest, Chianti, it seemed logical to visit briefly the two earliest: Brunello di Montalcino and Vino Nobile di Montepulciano which date from 1980. Both showed marked improvement in the quality of their wines since I last tasted them on the spot in 1986. Both have new, young and energetic directors of their Consorzio, the associations to which most growers belong. Dr Stefan Campitelli in Montalcino and Signora Maddalena Mazzeschi in Montepulciano.

Historically Brunello, produced from the Sangiovese Grosso grape and developed in the 1970s by the Biondi-Santi family, is the more celebrated and generally better. However their policy of very low yield, highly concentrated wines, whose severity is accentuated by no malolactic fermentation to soften the acidity, has led to very high prices that have created a false international impression of Brunello. Moreover Biondi-Santi's Brunello usually takes an inordinate time to mature, so when drunk when less than 25 years old, the pleasure may not correlate with the price.

Brunello is relatively expensive because there are no opening offers by means of which the growers are paid within a year of the vintage. Instead it cannot be marketed under four years of age, of which three and a half must be spent in wood. This is to reduce the tannin inherent in all Sangiovese wines, but is not only costly in terms of capital investment, with four years' stock in the cellar, and for the less well-equipped growers it is difficult to maintain the quality in wood for so long.

The DOCG area covers 850ha, and only 15 estates have more than 10ha apiece. Most own only two to five. Of the 149 members of the Consorzio - Biondi-Santi is not a member - only 67 bottle and sell their wine, while 20 export and 40 sell wine to other estates.

Total production averages only 30,000hl (compare this to St Estephe's 60,000hl). Since the incep-

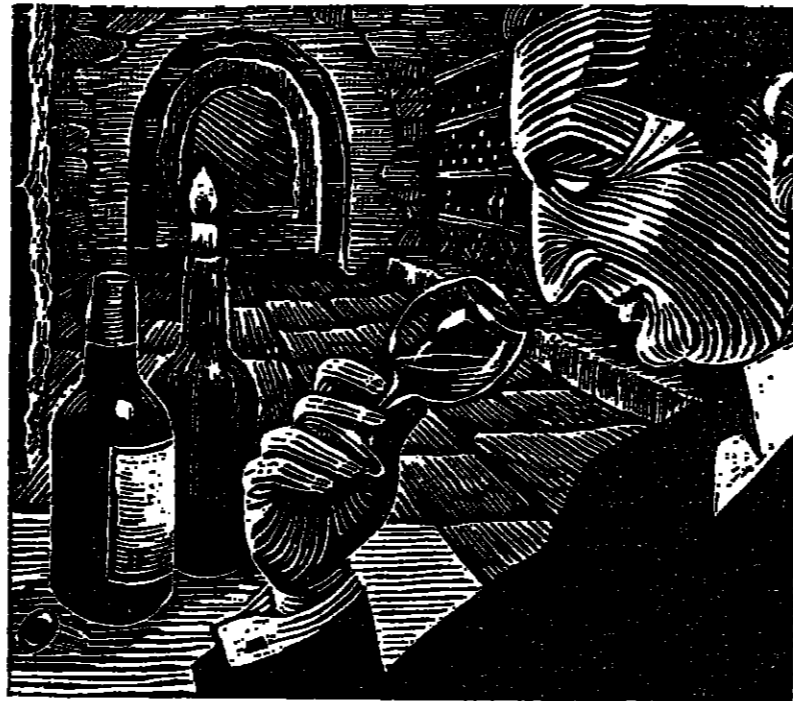
tion of DOCG the maximum yield has been reduced to 56hl per hectare, but the more successful growers make less. Biondi-Santi produced only about 25 hl.

The position may be eased by an exceptional permission in 1988 to plant another 250ha of vineyards that were previously destroyed. The area will be distributed among existing properties, with up to 20ha for the large new American-owned property of Villa Boni and six or seven for the traditional family concern of Barbi.

Secondly, six months is to be knocked off the wood-aging time. Even more helpful was the creation of the DOCG of Rosso di Montalcino in 1984. No wood-aging is required, and the wine may be declassified from a young Brunello, with bottling in the September after the vintage. Production averages 20,000hl.

In addition a few companies, including Boni and Barbi produce DOCG Chianti; and Barbi also makes Pecorino cheese and sausages and salami. There is some distinctive vino da tavola, notably Altesino's Palazzi Altesino, partly fermented by the carbonic maceration method, and therefore drinkable within a few years, and also their Alte d'Altesino which is 30 per cent Cabernet-Sauvignon and 70 per cent Brunello. They share the single vineyard of Montecchioli with Biondi-Santi and Capozzo, and from a 30hl-per-hectare yield market a very concentrated wine, with big colour and rich bouquet. Another vino da tavola matured in Italian oak barrels, is Carmignano's Castelvetro; and Barbi has an oak-aged Brunello.

Just as the red wines of the Côte de Beaune differ from the Côte de Nuits, so the Brunellos made to the north and west of the town differ from those of the south. The northern ones, among them Altesino, Capozzo, and Frescobaldi's Castelvetro



condo and Constanti are inclined to be more tannic, but have more finesse. These tend to be more alcoholic, rounder and earlier-maturing. At a tasting of Poggio wine in their cellars in the hill-top village of St Angelo in Colle, overlooking the lovely Val d'Orcia, I tasted the best Brunello in my life: the '89 Poggio, from the private cellar of the president, Signor Piero Talente. It had a very good colour, and lovely perfume, and a wonderfully rich, concentrated flavour with firm acidity in the background and a very long taste: a great wine. It was produced before the DOCG came into force in 1980 and had only two years in wood and one in bottle

before sale.

The finer wines are rare in Britain, but a few specialists may have appreciated their quality. The two leading merchants are Winecellars, 153-155, Wandsworth High Street, SW18 and Valvona & Crolla, 19, Elm Row, Edinburgh. The former has the excellent wines of Altesino and Capozzo, and the latter a considerable range.

The relative absence of these wines here does not imply that they are anything but successful. All have very healthy export markets, principally in Switzerland and Germany, followed by USA. Altesino exports 40 per cent of its production. The best vintages are 84, 71, 75, 77,

78, 80, 82, 85. Many in the Montalcino and well as in other parts of Tuscany believe that 88 may turn out the 'vintage of the century'. Bibendum, NW3 has Talenti's own Brunello 84 and 85 at £13.80 and £14.75 respectively as well as the Rosso 87 and 88, both at £6.97. Justerini & Brooks, London SW1, lists the Castello 83 for £14.75, and Tanners of Shrewsbury the Castelvetro 88 at £10.43.

When the Vino Nobile di Montepulciano was among the first of the DOCG wines to appear in 1980, people were impressed by the name but then disappointed by the wine: no more than a Chianti of the not very esteemed Senese (Siena) district, which the local growers continued to make alongside their promoted Vino Nobile. However, since my last visit four years ago, not only has some of the wine improved, but there is a new spirit abroad, led by the Consorzio which includes 114 of the 150 producers, 40 of whom bottle and sell their own wine, and there is a Cantina Sociale (co-op) of 67 members. Quality is now the watch word.

Morale has been boosted by a similar DOC to that given to Montalcino in 1984: a Rosso di Montepulciano that had been asked for as long ago as 1984, but was granted in time for the 1989 vintage. The grapes are the same as the Vino Nobile: 70-80 per cent Prugnolo Gentile, another clone of Sangiovese, 10-20 per cent of Canaiolo and up to 20 per cent of other authorised grapes.

The Rosso needs no wood-aging and can be sold from March following the vintage, although 10 growers have agreed to market a wine picked early to maintain the acidity, with a low-temperature fermentation and first release on May 1. The co-op alone sold 300,000 bottles of the 88. From the 720 ha under the DOCG 2m bottles are sold annually, but with increased demand this could be dou-

bled, as there is plenty of authorised vineyard land to be planted - but it costs £30m (£150,000) a ha.

One of the most successful growers said that although wine has been made around Montepulciano for centuries, the production of wines of exceptional quality only developed with the DOCG in 1980, and experience was almost totally lacking. Avignonesi, the leading company, made its first vintage in 1978. Swiss-owned Biondella made its first vintage under that control in 1985.

Vino Nobile has to have a minimum of 12.5 degrees, as against Rosso's 10. The former has to have a year in wood and one in bottle. The Riserva has an extra year in wood or bottle. Vino Nobile has the advantage over Brunello of being much cheaper and earlier-maturing. I sampled some excellent, easy-to-drink 88s. In a long line of Avignonesi wines the 86 was very attractive, but the best was their first vintage, a full-coloured, fruity 1978, still tannic with a clarity-bouquet. A Fassati 77 had a brown tinge but a fine old-wine aroma and flavour.

In Consorzio and other tastings the growers whose wines I found most attractive included Poliziano, La Casale, Contucci, Del (another new concern, started in 1988). Talente, which Barbi & Jones of Ipswich as agents and Fassati, Avignonesi, who have a shop and bar in the town's main street, are well worth a visit in this enchanting town. They also make Grifi (a griffin is the symbol of the town), from 85 per cent Prugnolo and 15 per cent Cabernet-Sauvignon, as well as a delicious vin Santo 82 bottled in half-bottles.

From lists to hand I find little more interest here in Vino Nobile than in Brunello. Sainsbury's list the Casale 86 at £5.25. Lay & Wheeler have the Fassati 85 for £3.30 and the Wine Society the same grower's 84 to be followed by the 85, at £3.45. But with the development of experience and the evident drive for quality, the reputation should grow. One should not be too impressed by the name, for they are but democratic wines writ large.

APPETISERS

HAVING BEEN racked by guilt ever since omitting Robert Mondavi Reserve from a round-up of producers of fine California Pinot Noir in the spring, I was delighted recently to find the 1988 triumphing over a top-quality Nuits-St Georges 1985 from Chauvenet chosen by Justerini & Brooks as suitable matchmate, writes Francis Robinson.

The year 1985 was the vintage in which Mondavi finally got the hang of Pinot and the 1988 is even better, managing to put even a wine from Burgundy's world-famous Domaine de la Romanée-Conti in the shade at another comparison in London. Mondavi's Reserve Pinots are fairly widely available, especially at good restaurants where they can provide useful drinking with a wide range of foods, even fish. Les Amis du Vin of 51 Chiltern Street, London W1 has the 1985 at £11.40 and 1988 at £15.60.

WHATEVER is Sainsbury's trying to tell us? Two of the most arresting wines the supermarket grower chose to show to wine writers at its annual tasting recently are accurately labelled 'Fassati' and 'Bordeaux' respectively.

Every retailer now has its own fruit fly white Vin de Pays des Côtes de Gascogne from Armagnac country but Sainsbury's 1989 at £2.75 is from, according to the label, 'Domaine BORDES'. Like all these usefully inexpensive Gascogne wines, this one has excellently refreshing acidity but it is also so aromatic and almost floral that it might almost be a Sauvignon. It should be drunk as young as possible.

The word 'Fassati' is emblazoned on the new 1987 vintage of Sainsbury's lauded Portuguese red Quinta da Roca, probably one of the fuller-bodied bargains from this vintage, at £4.45. The wine is full of ripe, almost sweet fruit with more than a hint of oak and a velvety texture very slightly reminiscent of port. To drink or cellar for a year or two.

TESCO, the supermarket chain that pioneered the custom of printing 'Best Before' dates on its own-label wines, is planning to provide us with even more information. It is not only extending the range of (usually young and inexpensive, often white) wines for which the Best Before dates are given, it is also planning to include on the label information about the 'units of alcohol' contained in its own-label wines, beers and spirits.

A unit of alcohol, it has now been decided, is 8gm pure alcohol, roughly equivalent to a single measure of spirits in England and Wales (1/6 gill), half a pint of bitter, lager and about a ninth of a bottle of average-strength table wine.

This information may come as a shock to some consumers - but of course its efficacy will be limited to those who actually see the label. Those who pour their Tescos gin and whiskey into a decanter will save their guests realising not only the provenance of their drink but also the full extent of its potential damage to the liver.

ONE WAY of dramatically cutting alcohol consumption is to buy wine by the half bottle. This practice is gaining currency and the range available is widening from the dreary old standbys. A wine merchant which specialises in selling really fine wine in half bottles is T & W Wines of 51 King Street, Thorpe, Norfolk, tel 0642-765646, which, not surprisingly considering its location, also specialises in mail order.

Cookery

Recipes with added culture



the recipes, but also for the understanding it gives about what unifies and what separates the eating habits of the 15 countries that border the Mediterranean, and for the pleasures and disappointments recalled in visits to markets all over the region.

At the Mercado di San Jose in Barcelona, Arabella Boxer was struck not only by the impressive range and quality of the fish, but by the fact that the market was entirely run by ladies 'and I do not use the word lady by chance. No fish wives these, but superior-looking matrons such as one might find running a WI sale in aid of the Red Cross; complete with hair-dos, dark glasses, pearl earrings and twin sets protected by white plastic aprons, they were immensely efficient.'

Compare this with the fish market she chanced on in Split. 'The only market stall from a supermarket that I have been able to find in Yugoslavia, I fell on it with fervour, only to discover it consisted of 16 stalls, all selling sardines. "Since it is hard to tell one sardine from another at the best of times, this seemed a

good example of the degree of personal choice that is considered reasonable in a communist country; hardly a paradise for shoppers.'

YOGURT LUB KEBAB

(Serves 5-6)

1 1/2 lb boned leg of lamb; 2 flat bread; 3 lb tomatoes; 1/2 pt yogurt; 1 oz pine kernels; 1/2 oz butter; 3 tablespoons olive oil; sea salt and black pepper; 2 garlic cloves.

Cut the meat into thin strips about 1 1/2 in long. Cut the bread into small triangles and toast lightly, in the oven or under the grill, until pale golden. Skin and chop the tomatoes, not too finely. Drain the yogurt for 1 to 2 hours until it is the consistency of thick cream. Stand it on the back of the stove to warm slightly. Toss the pine kernels in half an ounce of the butter until pale golden; put aside.

Shortly before serving, start the actual cooking. Fry the strips of meat quickly in olive oil until just cooked but still slightly pink in the centre. Keep warm in their juices.

Toss the tomatoes briefly in 1 oz of butter, until just softened. Lay the tomatoes on a warm flat dish, keeping back about one-third as a garnish. Spoon the tomatoes and their juices over the bread, adding sea salt and black pepper. Drain the meat and lay it over the tomatoes. Crush the garlic and stir it into the yogurt, then mix with the meat juices and pour over all. Scatter the pine nuts over the yogurt and surround with the remaining bread pieces. Serve immediately.

This dish needs no accompaniment although a green salad may be served at the same

time or afterwards.

PAFETON D'AUBERGINES Also from *Mediterranean Cookbook*, this makes a lovely first course.

4 1/2 lb aubergines; 1 small onion; about 4 tablespoons olive oil; 1 garlic clove, crushed; 1 sprig thyme; 3 eggs; 4 tablespoons milk. Sauce - 1 small onion; 1 tablespoon olive oil; 1/2 oz butter; 1 x 14 oz tin of tomatoes; 1/2 teaspoon sugar.

Peel the aubergines and cut into cubes about 1/4 in square. Pile them in a colander, sprinkling with salt, and leave for 1 hour. Then rinse and pat dry in a cloth.

Chop the onion and cook gently in the oil for 5 minutes in a sauce pan. Then add the crushed aubergines, the crushed garlic, thyme, sea salt and black pepper. Cook for 15-20 minutes until all is soft, adding more oil as needed. Using a slotted spoon lift the vegetables into a food processor, discarding the thyme and leaving behind excess oil. Purée until totally smooth. Pour the purée into a bowl and add more salt and pepper if needed.

Beat the eggs with the milk and fold into the purée. Spoon the mixture into a buttered charlotte mould or soufflé dish and bake in a bain-marie for 45-60 minutes at 180°C (350°F) gas mark 4 until firm when pressed lightly in the centre. Turn out on to a flat dish to serve.

While it is baking, make a thick tomato sauce. Chop the onion finely and soften in the oil and butter. Add the tinned tomatoes, chopped roughly or crushed, and simmer for about 15 minutes, adding sea salt, black pepper and sugar.

Since the only weakness of this delicious dish is its strange colour, I like to pour some of the tomato sauce over the top to mask it, and serve the rest separately. Alternatively the aubergine mixture can be baked for a slightly shorter time, 35-40 minutes, in a ring mould and served with the sauce in the centre.

Philippa Davenport

Food for Thought

Some liked it hot

LAST WEEK I received an invitation to the press-launch of what was billed as 'the world's first Anglo-Indian restaurant'.

The idea seemed a good one. British rule of India ended only just over 40 years ago and authenticity was by no means beyond the realms of possibility. For background information, I called

on a former Indian Army officer and his wife. They were born in India and stayed to work after independence. He recalled that before the war, very few Europeans encountered authentic Indian food. With the arrival of the memsahibs after the Mutiny, British households tried their best to reproduce English food with Indian ingredients bought locally, all jangled around by their Indian cooks. Doubtless a little spice crept in, but the result was a compromise.

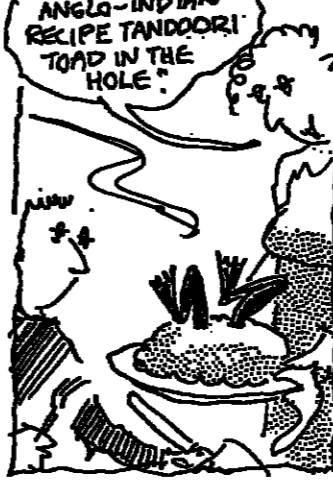
This was the period of 'sally soup', 'anchovy posh', 'roast bastard', and 'unda' (boiled unda being Hindi for egg). More permanent fixtures in the now discarded Anglo-Indian culinary vocabulary were burdwan stew, curry chutney, and most famous of all: mulligatawny soup.

Before the war Indian hosts were careful not to feed European guests on anything but I recall a meal at the house of the Pakistani Ambassador when the cook had tactfully prepared a cauliflower cheese for the tender-stomached. For most English people their only encounter with Indian food would have been at the tail end of some princely wedding; even then most pecked at the huge, layered pilau, avoiding the hotter dishes.

Not for nothing did Trotsky call war 'the engine of history'. In the field most regiments dispensed with their

English cooks and messed with their men. When the war ended, and independence was granted there were more fraternisation with Indians. In the 50s English people in India began to acquaint themselves with real Indian food. Even those fortresses of Anglo-Indian culture, the Bengali, Madras and Bombay Clubs began to change tone when more Indians were admitted, and the food changed with it.

My informants assure me that the best place to taste real



Anglo-Indian food is the Oriental Club in London.

Besides the clubs, the best places to experience it were the railway stations and the overnight stops called circuit houses or dark bungalows. Here you got mulligatawny soup - not the fire water of southern India but a mild curry soup - chicken curry and an inevitable caramel custard. In the dark bungalow, a scrawny chicken would be strangled to make 'country captain.' With the Anglo-Indian

dian curry came side dishes of peanuts, bananas, tomatoes with milk and onions, chutney and curried marmalade with vinegar says my informant. Chilli sherry - chillies macerated in sherry - was sprinkled over every meal. On Sunday the memsahib might ask her cook to prepare a mild pilau with chopped mutton and sultana. Neither at home nor in railway restaurants such as Bradbours or Spencers did the two cultures meet.

So what is the Anglo-Indian restaurant Chutney Mary offering? Not, you'll be pleased to learn, the curry powder and sultana curry of school, college, canteen and mess days. Instead you'll find Memsahib Lacy Cutless (lamb rissole), Mutton Louvers from the Christian Indian community, Kerala mutton stew, a throwback to India stew introduced by British priests but more highly spiced.

From the Anglo-Indian range come potato chole (lamb chops coated in mash), country captain and salmon kitchi. For pudding there is authentic carrot halwa with rabri Indian clotted cream. Some of it looks like glorified nursery food and for those who can't quite manage the novelty, there are the old favourites like roghan josh and tandoori lamb chops.

Chutney Mary is anxious to push its wine list, although strictly speaking the claret and Madeira (the latter, born in heat, behaves well in hot climates) came after the Anglo-Indian meal. Beer was the staple meal-time drink of the Raj and the dearest best drink for spicy food.

Is it authentic? Well up to a point, but where's the chilli in sherry?

Chutney Mary, 535 King's Road London W10. 071-351-8212.

Giles MacDonogh

CHESS

THE RUSSIANS have dominated the Manila International, an important step in the global elimination series to decide who meets Gary Kasparov or Anatoly Karpov for a world title in 1993. The tournament ends today, and as the event approached, its closing rounds Ivanchuk (the world number four) Gurevich (the number six) and Gelfand (the number 14) were all prominent.

There used to be three or four separate Internationals, held on an all-play-all basis and each qualifying players for the candidates matches. But it became progressively harder to find willing host cities, so the

International Chess Federation (FIDE) changed to a single international of 64 players with Swiss system pairings.

Thus the 11 top finishers from Manila will compete in the first round of 1991 candidates matches, along with Speelman, Yusupov and Timman who were defeated semi-finalists and finalists in the latest candidates. The seven winners from these matches will be joined by the loser of this autumn's Kasparov-Karpov series in the quarter-finals. It is a convoluted system, although it is in the tradition of the world chess championship, which has been decided by matches rather than tournaments since 1986.

The main interest in Manila has been the performance of the new crop of teenage grandmasters. Joel Lautner of France has done best, while Britain's 18-year-old champion Michael Adams began well then faded. This is good news for Kasparov and Karpov, who both followed Bobby Fischer with winning interzonal debuts.

The inconsistent form of Britain's number one, Nigel Short, has become a mystery. In 1987, Short seemed to have all the credentials for a realis-

tic Western challenger to the two Rs. He was then 22, ranked third in the world, and had played well against Kasparov in a rapid chess and pool over game match in London. But since then, Short has slipped down the world ratings due to an expensive habit of surprise losses to weaker opponents.

Short began badly at Manila, but then recovered strongly with a run of five wins from six games, the best by any player in the middle rounds of the tournament. With three rounds left he was only half a point behind three Russians tied for the lead, and it looks touch and go whether he will be eliminated from the tournament, or score a brilliant success. Defeat would put him out of contention for a match with Kasparov until 1996 when Short will be the wrong side of 30, surely too late for supreme honours.

White: N.D. Short (England). Black: R. Hubner (West Germany).
1 e4 e5 2 Nf3 Nc6 3 Bb5 a6 4 Bxf6 Nxf6 5 O-O Be7 6 Qe2.

The Worrall Attack, a sound and less analysed variant than the normal book move 6 Re1.
6... b5 7 Bb3 O-O 8 c3 d5.

This gambit can be dangerous if White goes for a pawn win by 9 exd5 Nxd5 10 Nxe5 Nf4, but as this game shows there is a concealed weakness in the black position at 7 and h7. Instead the classical formation 8... d6 9 h3 Na5 10 Bc2 c5 11 d4 Qc7 gives Black an equal game.

9 d3 Bb7 10 Re1 Re8 11 Nb3 Bb5 12 a3!
The key to White's ensuing plan is to maintain his bishop on its best diagonal rather than have it driven back to c2; equally Black should have played Na5 at move 11.

12... Na5 13 Bc2 c5 14 b4 Nc6 15 exd5 Nxd5 16 Ne4 cxd4 17 Ng5!

Suddenly Black is in dire trouble. His d5 knight is pinned while White threatens 18 Qb5 with a double attack on f7 and h7.
17... b6 18 Qb5 h5 19 Nf6 g6 20 Qd5 Nc6 21 Qd7!

A pleasing geometric coup which brings the queen to b3 with tempo gain and forces Black to shed more material to avoid mating threats.
21... Bc6 22 Qb3 Bc5 23 d4 b5.

If exd4 White mates in two by Qh7+ and Qh8.
24 Bxb3 Bxb5 25 Qh7+ Kf8 26

Ra2 Bb7 27 Ra2 Bb5 28 Rxe5! Rxe5 29 Rxb7 Nxb7 Nxb7+ Kg3 31 Nxf6+ gxf6 32 Bb5+ Kg7 33 b4 Rc8.

White is two pawns up with the better position, so Black just plays until the move 40 time control before resigning.

34 Bb2 Ba5 35 g4 Bxc3 36 Rxb3 Rxb3 37 Bxc3 Rb3 38 Bb2 Rb3 39 d5 Ra8 40 Ba5 Kf8 41 d6 Resigns.

PROBLEM No. 829
BLACK 6 MEN
7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

White mates in four moves at latest, against any defence (by G. Sutterlin, 1951). White is two pieces ahead and the black king is trapped, but the snag is that the obvious 1 Bxc4? concedes a stalemate draw.

Solution Page XVII

Leonard Barden

BRIDGE

IN MY first hand from rubber bridge the declarer lost his little slam. We shall study Too quick on the Draw.

W ♠ 5 3 2
♥ 10 4
♦ 9 2
♣ A Q 9 6
E ♠ 8 7 4
♥ 5 3 2
♦ K J 6 4 3
♣ J 10 7 2

At trick three South must cross to the diamond ace, and ruff a diamond, cash the heart queen, and cross to the king. When both defenders follow, he can afford to ruff another diamond with the knave of hearts, cross to the ace of spades, draw the last trump with the ace, and dummy is good.

The second hand occurred last week in a rubber - here is No time to Draw:
W ♠ 9 6 4
♥ K J 9 5
♦ K 7 3
♣ A K 8
E ♠ 10 2
♥ Q 6 3
♦ J 9 4
♣ 10 6 3

opened with one heart, and North jumped to four. West led the spade queen. East's tricks were there for the taking; and the 10th would depend on picking up the heart queen.

Which way should I finesse? Suddenly, I saw the light. There was no need to touch trumps. I took the spade lead with my ace and crossed to the club king, returned a spade to my king, and crossed again to the ace of clubs. I switched to diamond, cashing ace and king, and had six tricks in the bag. Now I cut-shift: with the ace of spades, West won, and led back the diamond knave. East overtook, cashed the queen of clubs, and led the diamond 10. This I ruffed with the eight of hearts. West overruled with the queen, dummy's king won, and the contract was made.

West, of course, should have discarded the spade knave, but by that time I could count his hand for four cards in spades and three in each of the other suits. The percentage play was to finesse West for the heart queen - I would still have got home.

E. P. C. Carter

Ch d'Yquem

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GARDENING

An alpinist's green fingers

Robin Lane Fox marvels at the powers of the gifted gardener and visits one in the Cotswolds

ARE GREEN fingers a myth? Are there really people for whom plants will grow happily and if so, why? I like to believe in them. They turn a science into a relationship: facts, as Lord Clark once put it, become art through love.

I have just seen one of the older sets of green fingers. They belong to Joe Elliott, the well-known Cotswolds nurseryman, who raises a complication. Are green fingers hereditary?

Joe Elliott's father was himself a great plantsman and an influential nurseryman. Clarence Elliott ran the famous Six Hills Nursery near Stevenage where the giant form of cat mint I still grow and recommend originated.

His fingers, I suspect, were emerald green, particularly when they went near alpine plants. Stone slabs, plants in troughs and rarities from high mountains were a few of his specialties. The fingers passed to his son.

In the Elliott family, the garden has a comforting dimension. Some

of its plants are extremely old, going back 60 years to when Elliott junior was a schoolboy.

Stone troughs, an ideal home for rare alpine plants, have long been a family trademark. At Broadwell Nursery, which Elliott junior owns, two troughs have a superb filling of alpine Ramondas with open-faced flowers of lavender blue. One trough is slightly better, with good reason - father Elliott and son collected the plants half a lifetime ago on a trip to the Pyrenees.

In another sink, there are some remarkably old plants of the silver-leaved saxifrage. They have directly rooted into pieces of worn tufa rock where the best of them is 60 years old. Joe Elliott first planted it as a boy and has carried it with him in the upheavals of moving

house.

If you live long enough, you can usually turn garden wisdom upside down. Beyond the troughs I was puzzled by a handsome green tree, about 8ft high and oddly familiar.

It was a miniature form of elm which had been sold in the belief that it would not exceed 3ft. Life in the unfettered setting of the Elliotts' garden had allowed it to go way beyond the limit and make a nonsense of expectations.

Where do the green fingers show? I always look for them in other people's unheated alpine houses. At Broadwell, the benches of two modest glasshouses contain the spectacular rarities with which Elliott junior has so often won prizes at shows. Like easy violets, his forms of Campanula Morettiana are

smothered with the flowers which inspired such fantasies among alpinists in Edwardian England.

Seedlings of little Gentiana Verna are coming up like cress and the primulas are marvellous. Ordinary green netting shades the glass and apart from some good grit, there seems to be no special magic.

When I try to grow these things, I fiddle about, trying to water them with a very fine rose from the can. Joe Elliott has no such problems: every so often, he sprays them with his hose. Watering is supposed to be the key to expert gardening. Perhaps experts have an expertise with these hoses, but the state of these Campanulas is the reason I believe in fingers with a vivid touch of green. It is not a total mystery.

If I was a plant, I sometimes think that I would be an awkward snow-hating alpine from the shaded side of a rock on Mount Olympus. None the less, I would grow for Elliott - he seems so calm about it all. I have often noted this personal dimension which the handbooks never discuss. Able gardeners are often firm and relaxed. They are not at all bothered that they may not be doing something special or correct at exactly the right time. Like animals, plants seem to recognise authority.

There are dozens of Elliott introductions. In his Broadwell garden, there is also a marvellous form of a small hardy geranium, probably with subcaulescens blood. It has an exquisite hint of apricot to its many flowers. It was produced by a fellow-nurseryman who was no business man but since 1947, it has refused to increase, even for green fingers. I had the sensation of looking at a new star and knowing that there is probably no way in which you or I could transfer it. We could, however, try the yellow-flowered Roscoea, the small forms of Lychmis and a bold form of dianthus called Joan's Blood. They all enjoy life at Broadwell among aquilegias with variegated leaves.

Perhaps you admire alpinists, but want a rather bigger tip. Here, this sharp-eyed plantsman delighted me by his choice of a small tree. He had planted a gold-leaved form of Pelelea which had made a round head with short branches about 12 ft high. In as many years, it had grown to cover itself in little heads of scented flowers. Buy the gold one if you can

plant find it, otherwise, watch out for green-leaved Peleleas which are also charming if you encourage them to make a main stem.

Maybe it is making you green, not just at the fingers, but all over with envy. If so, you can visit too. Joe Elliott opens his garden once a year (usually in June) for the national scheme. He might even show you his personal coffin. It is an Anglo-Saxon stone coffin, big enough for a warrior to whom the Great Empire had shown the final yellow card.

Typically, it has been filled with rare alpine plants, rooted into bits of ancient tufa. They do not look as if they would mind if the owner eventually slipped underneath to give them his assistance. When green fingers die, is it not entirely natural that they should go to push up gentians, leaving daisies to the rest of us?

Joe Elliott is not revealing his plans. I suspect that well-rotted bone meal, fresh from the nurseryman, not the nursery, might even be his final coup.

The most English country garden

Brympton d'Evercy in Somerset has received deserved publicity through a new award. Arthur Hellyer set off to find the rural retreat

FOR WHATEVER purpose they are given, awards of the year are most appreciated when they introduce something that would probably otherwise be missed. That was why I was pleased when the very first Garden of the Year award made by the Historic Houses Association (HHA) in collaboration with Christie's, the fine art saleroom, was given to Heale House in Wiltshire.

Although this delightful place is quite close to Salisbury, it is so tucked away in a cleft of the River Avon in the little village of Woodford that I would have been unlikely to discover it for myself. It is a fine house in a perfect setting, with some good garden design by that under-estimated architect, Harold Peto, some inspired planting by the wife of the owner, and the most authentic and imaginatively-placed Japanese tea-house I have seen anywhere in Britain.

Christie's and the HHA have given half a dozen awards since then to fine gardens that I already knew, but this year they have come up with another stunner that meant absolutely nothing to me until the award brought it to my notice.

It has a name fit for a beauty, Brympton d'Evercy, and it is lost in the lanes around the village of that name in Somerset between Yeovil and Montacute.

When, on the outskirts of Yeovil, I inquired the way, the young lady I asked said it would be easier to direct me to Montacute, which also had a fine garden. I explained that I knew Montacute and was looking for Brympton d'Evercy. She directed me but somehow I arrived at Montacute. I tried again, was again warned how twisty the lanes were, but this time I arrived without a hitch to find a truly beautiful group of buildings all of the local Ham stone.

In addition to the mansion and the usual outbuildings, there is a 14th century church, a priest house, and a clock tower. Christopher Hussey, the great expert on British country houses, wrote of the group that he knew "none of which the whole impression is more lovely; none that summarises so exquisitely the English country life."

That was in 1927, when the gardens that weave around these buildings, binding them even more closely and delightfully into a united whole, were enjoying one of their good periods. The mansion was occupied and the gardens controlled by Violet Clive, sister of the owner, who spent most of his life in Japan. She had a deep feeling for plants and a genius for associating them. By mid-century she was to have the additional inspiration of friendship with Margery Fish and Phyllis Reiss,

who were busy planting, with equal imagination, at nearby East Lambrook Manor and Tintinhull. But she preceded them in these arts.

When she died it all went to pieces, and for 18 years Brympton d'Evercy was a school. By the time Charles Clive-Ponsonby-Fane and his bride, Judy, came to live in it in 1974, they found grass growing up to the walls and little of value left in the garden, except a few specimen trees.

Now it is delightful once again - not as a recreation of what was there before, since no planting plans remained, but in a way Mrs Clive and her gardening friends would almost certainly approve.

It is not in the least ostentatious and does not seek to impress with rare plants. But, as Hussey so well described, it again exquisitely summarises English country life. The lawns are green and smooth, the flower borders are filled to overflowing with all the right shrubs, roses and perennials, and the walls are draped with good climbers, kept under close control, so that they neither damage nor obscure.

The old trees have been given the skilled surgery they required, the worthless ones removed, and carefully chosen newcomers planted, with quite an emphasis on coloured foliage. Among them all, if you are

sharp-eyed and know trees well, you may spot the largest specimen of the Chinese privet, Ligustrum lucidum, that I can recollect having seen anywhere. If you think of privets as being common suburban shrubs, this one will widen your outlook. It is a dome-shaped tree of moderate size with shining evergreen foliage and makes a very beautiful specimen.

But, although there are trumpet vines and abutilons, and even a totally unexpected and unexpected fascicularia, a rare bromeliad from Chile (which Mrs Clive must surely have brought home from one of her many travels and somehow has survived the lean years), the greatness of Brympton d'Evercy does not depend on the unfamiliarity of its plants but rather their suitability for the place.

There is also a thriving vineyard planted as soon as the present owners arrived, with two of the best grapes for the English climate, Muller Thurgau and Reichensteiner. It is neatly tucked in beside the pleasure garden, from which it can be viewed but into which it does not intrude. In a good year, it can produce 2,500 bottles of an excellent light wine.

The garden and house are open on the Easter weekend, and then daily from May 1 until September 30, except on Thursday and Friday, from 2pm to 6pm.



The manor and surrounds of Brympton d'Evercy, winner of the 1990 HHA-Christie's Garden of the Year award

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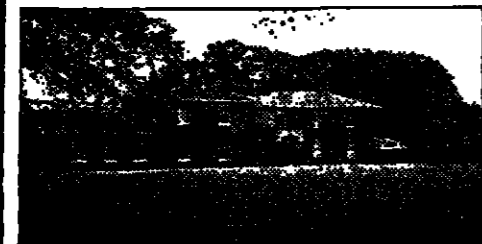
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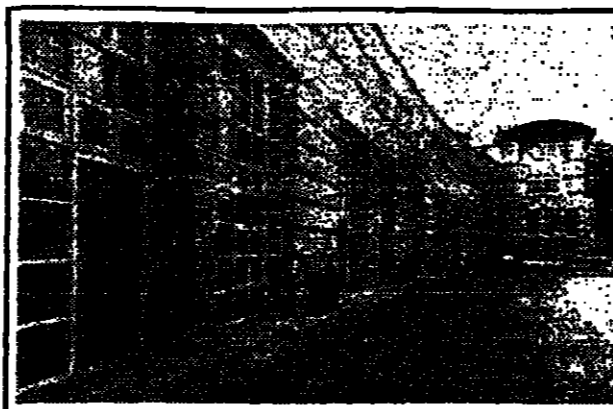
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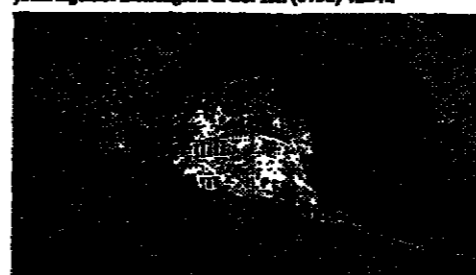
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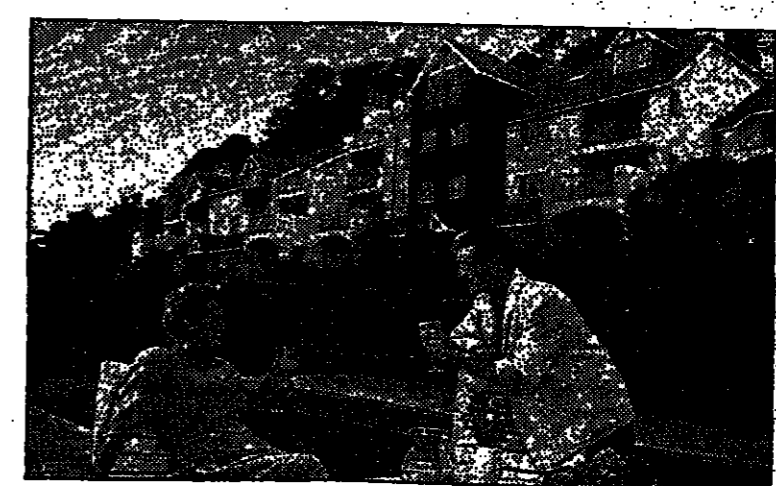
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BOOKS

The respectable rebel

Anthony Curtis looks at a new biography of a remarkable woman

BERTHE MORISOT was one of the original six French Impressionists who exhibited their work in Paris in 1874 as Impressionists. The other five were Degas, Monet, Renoir, Camille Pissarro and Sisley. As Anne Higonnet, the American author of this biography of Morisot, points out it was remarkable at that period for a woman to establish herself as a painter at all, let alone an Impressionist.

The few women who painted professionally tended to be models and to become the mistresses of painters, women like Manet's model, Victorine Meunier (who posed for the central nude figure in *Le Déjeuner sur l'herbe*). At a time when young women were thought of as belonging to one of two types, either as *femmes honnêtes* or as *filles publiques*, women who hung around painters' studios tended to be assigned to the second category. (The gradations from common prostitutes at the lower end of the scale to the *grandes cocottes* at the top may be studied in the fiction of Maupassant and Colette.)

While it was perfectly acceptable for a well-brought-up girl to learn to sketch and paint, as she might also learn to sing and play the piano, to become an artist full-time and offer her work in

the market-place was quite another matter. Morisot's triumph was to combine the hitherto irreconcilable roles of artist and *femme honnête*. Not only did Morisot succeed in gaining acceptance as an artist within her own respectable family circle, she also won the right to be consulted on equal terms with her male colleagues.

BERTHE MORISOT: A BIOGRAPHY
by Anne Higonnet
Collins £17.50, 240 pages

Manet painted Morisot on at least seven separate occasions and gave her advice about her work, but she was never his mistress and in his portraits of her she always remained fully clothed in fairly conventional poses. In one she is holding a bunch of violets, in another she is hiding her face completely behind an open fan, in a third, known as *Repose*, she is languishing at her ease on a sofa. Even this caused a stir when it was first exhibited, and eyebrows were raised also at her appearance in his major painting, *The Balcony*, with two other figures, one male and one female, in an enigmatic grouping. What is arrest-

ing about both these latter pictures is the blazing sense of defiance in her eyes, an expression matched in a photograph of her at this period.

As a painter, Morisot became part of a defiant group led by Degas and Monet, rebelling against the restrictions and painterly conservatism of the Académie which controlled the all-important Salon, the fashionable and influential annual show to which wealthy purchasers flocked. Morisot was not wholly averse to its outlook but she preferred to throw in her lot with painters who were forming an alternative to it, based on technique (a revolution in the way of applying paint to the canvas), on marketing (the emergence of the art dealer in the shape of such characters as Paul Durand-Ruel) and on aim (to be above all the painters of "modern life" - in the words of that scourge of the Salon, Baudelaire, acting as an art critic). Seen from our standpoint, nearly 100 years after her death in 1895, Morisot's life appears a fascinating mix of the traditional and the modern. In 1874 when she was 33 she married Manet's brother, Eugène. He is best known today for serving as the model for the male figure on the right, with the outstretched arm and the walking-stick, in

Le Déjeuner. Though a diletante, he proved an admirable husband for Berthe and they had one daughter, Julie Manet, whose diary has been published fairly recently. Morisot adored her daughter and painted her often. She provided her mother with a continuing commitment outside her work. Even after her marriage Mme Manet continued to be known professionally as Berthe Morisot. She was a pioneer of the liberated woman of today, but she stayed a member of the French bourgeoisie, possessing private means, ensconced within the closed domestic world of Pissarro, still bound by emotional and moral ties to her family. She painted *les femmes honnêtes* of her own middle-class world with delightful immediacy, as may be seen in her canvas *Summer Days*, of two elegant women out for pleasure in a boat, now in the National Gallery, London. Whatever may be Morisot's historical importance in the story of women's emancipation and in the history of Impressionism, her work remains palpably there, full of life and still to be enjoyed. Anne Higonnet deals with both the work and the life most informatively. She is not the most fluent of writers, but of her mastery of her subject there can be no doubt.



Berthe Morisot's self-portrait of the artist as a young woman.

A moral victory

Andrew St George assesses America's war of manners

FIGHTING THE Americans at Saratoga in October 1777 suited General John Burgoyne's aide-de-camp. "This campaigning is a favorite portion of life and none but stupid mortals can dislike a lively camp, good music, good claret, good musick and the enemy near." Burgoyne's British surrendered that month to the Americans whose General thought the setback would teach England - "the obstinate old slut" - some manners. It did.

Burgoyne had come south from Quebec with 30 carts of uniforms and personal possessions, paused in Boston to write a show at Faneuil Hall, and now had unwittingly staged the defeat which turned the tide against the war for America. From Saratoga to the final surrender at Yorktown in 1781 is a litany of British discord and a catalogue of American pragmatism. The war found the British and German professionals dispersed along the east coast unable to gather themselves for action; and it saw the American volunteers suffused with the spirit of George Washington. Washington outlasted the British through the sharp New England winters by resilience in repose and fairness in battle.

This was a war between individuals who led by influence and example. The brilliant French General Marquis de Lafayette had trained Washington's force at Valley Forge and returned to Paris to head the National Guard in 1793. Sir Banastre Tarleton, whose androgynous beauty - painted by Joshua Reynolds - belied his vicious mien, massacred the Americans at Charleston; he boasted of butchering more men and sleeping with more women than any other soldier. But the war also gave voice to the efforts of lawyers, writers, diplomats and propagandists. Thought was not free; words were answered with lives.

Christopher Hibbert mixes redcoat colour into his accounts of the battles, listens to the voices of Burke, Fox, Johnson and the dying Chatham in London, unblinkingly records the horrors of fighting a harsh foreign

campaign. He enjoys hindsight on the war's confusions, delighting in the arrival of French fleet at Rhode Island to flirt with the English ships like America's Cup hopefuls. But *Redcoats and Rebels* speaks seriously of this war as Michael Herr's *Dispatches* does of Vietnam. Hibbert sets the stupidities and cruelties of the British regulars against the reasonableness of Americans who were private citizens drilled as professional soldiers.

The individualism in service of a community interest later helped the drive West as America discovered itself. But the War of Independence highlights American traits in a context which makes their origins understandable. Principled faith in the law was scrupulously upheld by Adams and Quincy who defended the British troops accused of the 1770 Boston Massacre; and by the First Continental Congress of 1774, of which lawyers formed

REDCOATS AND REBELS: THE WAR FOR AMERICA 1770-1781
by Christopher Hibbert
Grafton Books £17.95, 375 pages

half. The famous "taxation without representation" was coined by a Boston lawyer and willfully misrepresented by Dr Johnson as "taxation no tyranny." An equally principled faith in commerce is born out by the career of Paul Revere, the Boston silversmith and orthodoxist who turned dispatch rider in 1776 and then Navy defence contractor. The war also casts up uncomfortably familiar British patterns. The British lost because they underestimated the problem: Lord North and the Parliament tended to complacency while Lord Cornwallis and his Generals succumbed to the distance from home. By 1781, even those who thought the colonists wrong had reconciled themselves to ending the conflict. Gibbon lamented that no reasonable man could entertain hope of success and the dying Chatham and concluded: "It is better to be humbled than ruined."

The church, meanwhile, attempts to straddle the whole population. God is projected as the higher ideal that can unite French Belgians and Flemish Belgians. Yet it can only do so at a price. Within the fraught conditions of pre-war Belgian Catholicism too is a ritualistic ideology, with its own

THE SORROW OF BELGIUM
by Hugo Claus, trans. by Arnold J. Pomerans
Viking £14.99, 609 pages

propaganda. And because of this, it prepares the way for Hitler. Hence "the sorrow." The point is made by the "Apostles," a secret society led by Louis at his school. Their aim is to attain holiness, yet the rites they invent lead to an act of symbolic sodomy. Love, as well as every other emotion, is as twisted as the politics. Louis and his family have necessarily corrupt lives. There are no "heroes," nor are there any heroines. All of Claus's characters are tarred with the brush of human nature. One by one they are shown to be creatures of compromise. And yet Claus's world is peculiarly lyrical, at times even ecstatic. The central relationship within the book is between Louis and his mother. She is, as one would predict, the holy whore. People may not merit our love, but they get it nonetheless. The prodigious effort that must have gone into the writing of this novel is proof of that.

Justin Wintle

The day the Presidency was bought and sold

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OBSESSION MAKES for good fiction. Reason goes out of the window, instinct is all. The more staid the sufferer and absurd the cause of his suffering, the more poignant his situation. *Love and Death on Long Island* is in a direct line from *Lolita* and (as the title hints) *Death in Venice*, and comparisons with Nabokov or Mann are not out of place.

Brief, pure, intense, and as almost ludicrously desperate as all tales of impossible love must be, this novella is about the feelings of a middle-aged widower, a distinguished writer, rich, stuffy and "born into heterosexuality" for an actor in American films about motor-bikes and the pop world, with titles like "Hotpants College" and "Tex-Mex."

Pastidious and self-conscious, keeping the world at bay ("Saying no... has always been my style"), Gay has kept clear of the cinema; but one day he finds himself, by chance and by mistake, at a film of appalling tediousness, in which he sees, briefly, a blond boy. The obsession comes quietly at first; then, when he discovers the boy's name and finds videos of his films, he spends hours watching him, every second re-run, hoarded, remembered.

That the setting for Ronnie's perfect beauty is so vulgar, so banal, doesn't matter. Giles is trapped, and, when he learns that Ronnie has married, he is about to get married; he packs his bag for the Long Island town where he is living. They meet, and at first Giles enthals Ronnie with his knowledge of every frame, every gesture, in his films. But how can such a thing end? Ronnie's beauty will soon pass, and what inner life could they share? Everything divides them, not just age and education, class, tastes, the past, but the future and their expectations. With perfect poise and

poignancy, in a shimmering, cold prose, Adair puts across the impossibility of fulfillment, the best and harshest of passion. The writing is masterly, the conjuring of contrasting worlds a triumph.

Muesli at Midnight, a first novel with no strong central theme, needs first-rate writing to carry, rather than be carried by, a whimsical plot. Well, it gets it. The writing is not just amazingly good, but seems

LOVE AND DEATH ON LONG ISLAND
by Gilbert Adair
Heinemann £10.95, 138 pages

MUESLI AT MIDNIGHT
by Aidan Mathews
Secker & Warburg £12.95, 288 pages

FELLOW PASSENGERS
by Louis Auchincloss
Constable £11.95, 223 pages

practised, all throwaway wit and dank, dark, provocative thoughts on (mainly) religion and sex. Action is minimal, except in the mind of Theo, a medical student bicycling round Ireland with his girlfriend, Felicity, and a skeleton to raise money for cancer research. A lubricious pair, their talk (and, still more, Theo's inner talk) has an almost Joycean richness.

That the rich are different from the rest of us Louis Auchincloss deftly proves whenever he writes. *Fellow Passengers* is subtitled "A Novel in Portrait" but is no such thing. It is 10 short stories, strung along the narrator's life, and the narrator is just such a rich and, in the American sense, aristocratic narrator as Auchincloss has always been, both fictionally and factually. It is "old money" he deals with, everyone's place

Spark that caught

THE SOVIET illustrated magazine *Opengok* was founded in 1923, and for more than 60 years it remained a model of total subservience to the Party line.

Glasnost changed all that, and under the editorship of Vitaly Korotich, *Opengok* (which means "small flame") has, during the past three years, become a beacon for the country's liberal and democratic forces. It has also achieved a circulation of more than three million.

The present selection reflects the radical nature of this transformation. Since the magazine examines many of the darker aspects of Soviet reality - from rising crime rates to alcoholism and prostitution - it often makes sombre reading. But it also represents investi-

gative journalism at its best, and because of its probing of sensitive issues, such as the links between organised crime and a corrupt government

THE BEST OF OGONYOK
edited by Vitaly Korotich and Cathy Porter
Heinemann £9.95, 224 pages

apparatus, or the ugly recrudescence of anti-Semitism encouraged by extreme right-wing nationalism, it has often found itself under attack. So far, however, it has courageously resisted all attempts to close it down.

Erik de Mauny

True voices of Ireland

WHEN ONE of the writers in this anthology was introduced to his prospective in-laws, a French family of the *haute bourgeoisie*, as a poet, the reaction was one of disbelief. "Poet? I did not think such a profession still existed!" Well, it does in Ireland, and this selection of work by 36 living poets is a timely celebration of that fact.

Of course, most Irish poets, like the editors of this volume, combine poetry with some other occupation: Peter Fallon is also a publisher and a farmer; Derek Mahon is also a critic and a screen-writer.

THE PENGUIN BOOK OF CONTEMPORARY IRISH POETRY
edited by Peter Fallon and Derek Mahon
Penguin £5.99, 462 pages

Both, like the other 34 in the anthology, also give poetry readings - not just in Ireland but in London, Paris, New York and on the American college circuit. Readings are not always lucrative, but they are important in giving poets con-

tact both with their readers and with each other. In Ireland, readings are popular, easy-going events, with plenty of opportunity for informal chats before and after. Some poets, notably Seamus Heaney and Paul Durcan, are received with an enthusiasm normally generated only by pop stars.

This activity seems to have a salutary effect on the words on the page, steering Irish poetry away from the Hermeticism and preciousness that render so much modern poetry unreadable.

Fallon and Mahon have limited their selection to Irish poetry after Patrick Kavanagh (1904-67) and Louis MacNeice (1907-63). They represent two contrasting characters in Irish poetry after Yeats - the stubborn stay-at-home (Kavanagh) and the glamorous exile (MacNeice). Contemporary poets, as the editors' introduction points out, are more likely to be "commuters" than "exiles", returning to Ireland whenever possible, while those that stay are no longer parochial. Seamus Heaney, the best-known, and deservedly so, of his contemporaries, is not, however, a dominant influence on their work. One of the great pleasures of this collection is the diversity of accomplished and assured poetic voices it contains - urban, urbane, pastoral, feminist, mystic, ironic, witty, elegiac and always lyrical. Some directly deal with the legacy of Irish history and the Troubles in the North, but the best transcend any local context by expressing some universally-relevant reaction to contemporary life. This is living and accessible poetry.

Alannah Hopkin

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ARTS

A park where talent blooms

RAVINIA, summer festival of the Chicago Symphony Orchestra, is in its 50th season, and going strong. It would indeed be an exceptionally stern-minded newcomer to Ravinia Park, 22 miles north of Chicago, who failed to reveal in the sylvan setting — the beautiful, fully laid-out park surrounding the central concert bowl, the picnicers on the grass (and their amazing displays of advanced picnic technology), the adroitly planned summer-long programme moving from the *Misses Solennis* and the *Resurrection* — Symphony through concerto and symphony staples, jazz, pop, and chamber music, to Elliott Carter.

The way it is held together seems, to an outsider, peculiarly American, powered by that administrative combination of simple friendliness and no-fuss efficiency that is always a pleasure to experience. A week-long encounter earlier in the month introduced me to the minor Ravinia hazards, the rash of Friday-night helicopters, the distant train, the amplification of the chorus and soloists (who at times were made to sound as loud as the chorus) in the Beethoven, the passing midges and fly. Most of this is very easily tolerated, for basic musical standards are serious, and not up for compromise. Ravinia, as they say, is a place.

But since 1938 there is a new and even stronger reason for valuing this American summer enterprise so highly. With the founding of the attached Institute for Young Artists, Ravinia's recently retired Executive Director, its whole nature has

changed: the "trade" between a high-grade performance festival and a summer teaching institution for outstanding instrumentalists and chamber-music groups — of a kind that I believe to be unparalleled anywhere else in the world — is already demonstrably enriching the Ravinia scene, and must soon make its special importance more widely felt throughout the international concert world.

The Institute is properly named the Steans Institute, after its principal benefactor; it is housed in the John D. Herza Building (across the way from the Ravinia concert bowl), and has as its focus the Bennett Hall, all likewise named. (For the European it still comes as something of a culture-shock to find almost everything — down to the trees in the park and the lockers in the student practice-rooms — neatly labelled in plaque form after all the donors, no expense spared, and myriad other species of money-givers generously involved in its founding.)

The premises are beautiful — airy, well-planned, with facilities decently organised and properly sound-proofed (even the air-conditioning seems less audible than usual) — and the concert-hall is blessed with ideal chamber-music acoustics. The facility is headed by Walter Levin, formerly first violin of the La Salle Quartet (now disbanded, alas), and one of the world's most distinguished chamber-music gurus, and staffed by such noted performer-pedagogues as the violinist Hatto Beyerle, the violinists Sylvia Rosenberg and Eberhard Feltz, and the pianist Cynthia Bain; visiting fellows this year



The Steans Institute, nestled in the sylvan setting of Ravinia Park

include Menahem Pressler and Heinrich Schiff. James Levine, the Ravinia music director, is a constant friendly presence.

This is an excellently firm foundation for a pedagogical scheme devised to spark talented young performers from all over the world into artistic self-development and self-discovery. What makes the Steans Institute different from almost

Max Loppert finds much to enjoy in the Ravinia Festival

every other training enterprise of the kind is the nature of the challenges thrown down to young musical minds and fingers. Each student experiences a variety of teachers during the length of the summer course; no-one is the "property" of a single master. Works from the network list are first presented to afternoon seminars at which the entire staff and faculty membership (and, quite often, the ordinary public) are present.

Critical discussion follows performance, always frank, sometimes argumentative. The

distinction between Teacher and Student offers no hindrance to the transparency of the comments; the classic master-class ban — "do it this way, that's how I do it" — is entirely avoided by this exercise in artistic open government.

The final stage of the process is that the works are then offered to the Ravinia public in the form of free early-evening or late-night recitals: put through this cycle from rehearsal-room to real public practice, a student's awareness of musical meaning can expand with quite startling speed. To be even an onlooker on this process can be extraordinarily exciting — one witnesses great talent prodded into hard thought about notes and phrases, and one invariably learns new things oneself.

An example: the Vogler Quartet from Berlin, who have already made their mark (at the Wigmore Hall not least) as one of the world's most remarkable young string quartets, confront the Verdi Quartet at an afternoon seminar at which James Levine is present. Their Verdi reading is already fiery enough before discussion; but with the whole nature of Verdi's voice- and drama-inspired chamber-musical conception subjected to

close examination, how much sharper the detail, how much more complete the understanding, afterwards!

Chamber music, like all other forms of "serious" music-making, is today being exposed to commercial pressures that tempt young musicians to package themselves and their performances ready for quick transport, easy delivery, and endless repetition.

The *raison d'être* of the Steans Institute is to oppose such pressures in the most practical way possible — by offering space, time, and good reason for artistic development. As the brochure says: "This interaction among musicians of differing skills and backgrounds creates the particularly stimulating environment that characterises the Institute." I should love to see it copied elsewhere. And I confidently expect to hear, before too long, such brilliantly talented young people as the Israeli violinist Yehonatan Berkovitch, the Korean violinist Kyung-Sun Lee, and the very young Miró Quartet from West Germany on the international concert circuit. Watching them blossom was one of the main privileges of the visit.

Max Loppert

Attack of the horrors

ON MONDAY night the loonies hit town. Men dressed in black fishnet stockings, and little else; lumbering "hunch-backs" and girls pretending to be 50s virgins, all will totter down the stairs at the Piccadilly Theatre intent on living out their fantasies — yet again. *The Rocky Horror Show* returns to the West End after an absence of 10 years.

Rather oddly the producers of this revival of the quintessential camp musical are hoping to protect Rocky from its cult followers. They do not want rice thrown on the stage when the innocent young couple get married (especially not since actress Mary Madox slipped on the stuff at a preview and injured her back); they ask the fans to eat their Kit Kats and their buns, rather than throw them, as tradition dictates, when the phrase "give me a break" and the prompt, "a-bundance," appear. They would prefer them not to recite the dialogue along with the cast and to answer rhetorical questions.

They are trying to restore integrity to Richard O'Brien's fantasy, which crossed 1986's *B* Horror movies with 1980s rock and roll and unleashed a commercial monster, to banish the memory of countless tired touring productions of the show, and to consign the movie to late night transmission on cable TV. In short they want this ghoulie fantasy to be taken seriously.

It is a vain hope. *Rocky Horror's* history is almost as bizarre as the show. It was created by Richard O'Brien as a light relief while he was appearing in a Sam Shepherd play at the Royal Court Theatre. With a few friends he

decked out his songs with a few props on the tiny stage of the Theatre Upstairs, borrowing £1,000 of the £5,000 cost from impresario Michael White, who thus claimed the transfer rights. It transferred with a vengeance, playing in London for seven years. Since then there have been over 500 versions.

But White really cleaned up with the film, making at least £1m from a movie which has grossed \$100m and is still playing every weekend in New York, San Francisco and other haunts of closet interpreters of the parts of the transvestite Frank N. Furter and crook-backed servant Riff Raff. And

co-operating enthusiastically on the West End project which aims to play down the spoof elements that, like limpets, have attached themselves, and instead return to the roots, to the stuff upper-lipped, credible "incredibility" of the plot.

It has cost £500,000 to mount, a bagatelle by West End standards, and with an advance approaching that sum already in the tills, is hopeful of recouping its investment in 18 weeks. Then, if all goes well, it is off to Broadway in an attempt finally to crack New York. Already one American cable channel is negotiating a live midnight transmission, which would pay off most of the bills at a stroke. Malcolm reckons the omens are good. "We could not have done this five years ago. Now we seem to have come out of the other side of the AIDS thing. Even so the only lines we've added relate to safe sex."

Antony Thornecroft on the return of a cult show

It is the movie which most incenses Christopher Malcolm who, with Howard Panter, is producing the London show.

For it is the movie which became the cult. *Rocky Horror* was actually a flop in New York and its American audience owes everything to the screen version. Malcolm was Brad, the firm-jawed hero, in the original stage show, so he naturally feels deeply that a celluloid spoof, which he regards as "rather slow," has taken away the glory from the dangerous, innovative, phantasmagoric stage production.

A few years ago Michael White tired of Rocky. By failing to put on a certain number of performances a year his control of the concept lapsed and it returned to O'Brien. He is

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Careless without rapture

IVOR NOVELLO ranks as the greatest British pre-war songwriter of the century after Noel Coward and, like his great rival, was a homosexual mother lover. Unlike Coward, Novello descended the lower depths, spending four weeks in the Scrubs for fiddling his wartime petrol coupons.

Both the man and the music deserve a historical reinterpretation, which makes this creaky vessel leaking its way around the country a badly missed opportunity. Ivor (pronounced with as much affection as possible) was a dry run for Coward, with his juvenile success (he wrote "Keep the Home Fires Burning" at 21 and the screenplay of *Rosamund* the *Agnes* novel, which was an ideal of the silent screen, and then, in his early 40s, as creator of stupendously successful musicals in most of which he appeared as the Crown Prince of Euritania. And all the time the lonely, secret, private life.

Annie Hill (abetted by Maurice Leonard) has devised this musical bio-drama as a vehicle for her husband Vince Hill, who plays Novello with some detachment, almost as if he would prefer to be somewhere, anywhere, else. Its structure is simple and Novello-ish: Ivor is in his dressing room a few hours before his death, receiving a visit from his youthful self (nicely played by Mark Payton as a Coward clone) and being offered five roses which represent captured moments from his past.

Unfortunately most of the moments are dominated by Mam (Dilys Laye), Novello's Welsh dragon of a mother whose efforts to prevent the Second World War by getting her Welsh Ladies Choir to calm down Hitler with song proved sadly fruitless.

Long stretches of tedious dialogue between Hill and Laye about what might happen prevent anything actually exciting happening. Indeed the entire

cast, with the glowing exception of Louise English as the non-existent woman in Novello's life, looked as if it had quarrelled badly just before curtain up and had given up hope in this world. To confirm their fears a slippery stage produced unexpectedly bumpy climaxes to the musical numbers.

Near the end the romantic blockbusters were grudgingly performed, without much brio. Although treacly and escapist, and 50 years out of date when composed, they have a sentimental charm. A chirpier cast, a deeper wallow in the song book, and some attempt to convey the probably quite amazing personal life of Novello would have produced a fascinating evening. Better still, get someone like Steven Berkoff to mount revivals of *Careless Rapture* or *Perchance to Dream* or *Kings Rhapsody* (the very words seem archaic) and stand well back.

Antony Thornecroft

Favourite in focus

Sir Geoffrey Howe's photograph "Cheerful Before the Hurricane of 1987" is one of the works on display in the exhibition, *My Favourite Tree*, now running at the Imaginative Gallery in Store Street, WC1. The Deputy Prime Minister was one of the guests at the opening of the show, which is sponsored by the *Financial Times*. His photograph will be auctioned along with 56 other exhibits by Sotheby's at the gallery at 6.30pm on July 19. Proceeds from the sale will go to the Countryside Commission's East of London Community Fund. Tickets can be obtained from Carole Seawart on 071-873-3000.



Max Loppert

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MOTORING

A car fit for heroes - if they can afford it

Stuart Marshall on Aston Martin's sporting dinosaur

A NEW Aston Martin Virage costs about £120,000, plus a two-year wait between placing an order and driving away in it. There are dearer cars - the £190,000 Aston Martin Zagato, for example - but not many.

Not long ago an unfortunate aristocrat took delivery of a Virage when he had just lost his licence. His choice was stark: put the Virage under a dustsheet or the auctioneer's hammer. He chose the hammer. The car was knocked down for rather more than £200,000.

Even today, that is a fair sum of money. So, when Victor Gauntlett, Aston Martin's executive chairman, asked if I cared to drive one, my pleasure was tinged with apprehension. It was the motoring equivalent of being invited to a Buckingham Palace garden party.

The dark green Virage crouched outside the factory in Newport Pagnell. It looked a big car, as elegantly butch as a world heavyweight champion dressed by Savile Row. As I opened the door the tanga aroma of Connolly hide wafted out. There was pale Wilton carpet and wood veneer as far as the eye could see. The roof was suede lined and low; but the thick screen pillars obstructive.

The engine fired up with a musical boom that never went away, even at the lightest throttle opening. As I pushed the Virage hard through the gears the hum became a tuneful bellow, like Pavarotti (may be forgive me) in full song. Although it has to cope with 330 horsepower and a huge amount of

torque from the 32-valve, 5.4 litre V8, the clutch is not at all heavy and the five-speed Porsche-type (first is to the left and back) gearshift felt pleasantly light.

However, even allowing for the demonstration car having covered over 40,000 miles, the drive line's roughness at low speeds came as a shock. (Most buyers, very sensibly, prefer the three-speed automatic to a manual box.)

The Virage may be Aston Martin's latest and greatest, but it seemed to me that its roots are firmly in the 60s. Tyre thump is well suppressed and the fat Avon turbospeeds, aided by a limited slip differential, put the power down on the road securely, in dry conditions at any rate. The ride, though, is quite jiggly at low speeds on poor surfaces.

It's the noises that would make anyone coming to the Virage from a vintage sports car feel quite at home. The sizzling from the gearbox in neutral rises to a grumbling chatter when you accelerate from about 30 mph in fourth.

A Virage is not a car to suffer fools gladly; it demands a firm hand on the wheel and respect for its potential. I would not dispute Aston

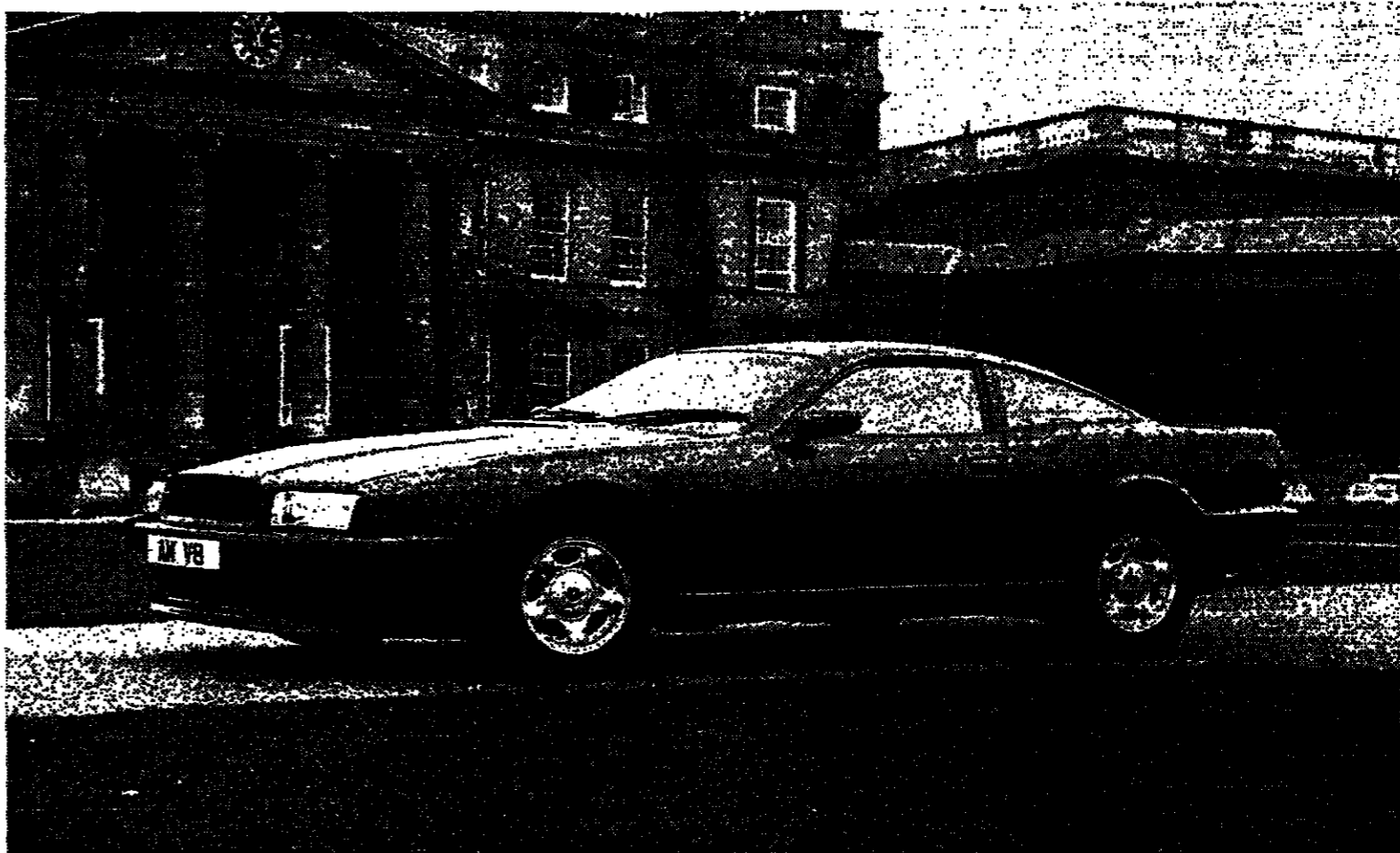
Martin's claimed 0-60 mph (0-96 km/h) acceleration in six seconds and a 155 mph (250 km/h) maximum.

Only a few weeks earlier I had tried a Nissan 300ZX over the same roads as those on which I drove the Aston Martin. If the Virage had been a 300ZX, the lack of finesse in its transmission would have made a horrified inspector halt the production line until the trouble had been eliminated.

I can see no special virtue in the fact that an Aston Martin is hand made. The engine is said to take a skilled craftsman 60 hours to assemble. It is, of course, superb. One should expect nothing less. But, not an automotive power unit and not an object of veneration, is it a better product than, say, a Toyota Lexus 32 valve V8, or a Nissan 300ZX 24 valve V6 that has been put together, checked and tested by robots? I doubt it.

As a car, not as a possession that makes a personal statement about the owner, is it really close to four times as good as a £34,600 Nissan 300ZX? It wouldn't be for me, though one cannot ignore the probability of making a useful turn on resale. But that is regarding it as an investment vehicle, not something to drive.

There is no getting away from the Virage's exclusiveness, its charisma and character. Why else pay a small fortune for one? Its sheer performance is hardly relevant today unless you propose letting it off the leash on a race track or, should you be so lucky, find a clear stretch of autobahn. The steering is perfectly



Aston Martin Virage: as elegantly butch as a world heavyweight champion in a Savile Row suit

weighted; you are conscious of power assistance only when parking or driving slowly but the lock is poor and the turning circle ponderous. The Virage's brute power on takes for granted. Perhaps the nicest thing I can say about it is that its bulk, which is intimidating at first, soon seems not to matter. Within half an hour it feels almost

as nimble as a small sports car like the peerless Lotus Elan.

I admit to some difficulty in taking seriously a 2+2 car that costs £120,000, has a boot that would hold two bags of golf clubs but not much else, lacks ABS brakes or a traction control system and would lose an owner his or her licence if its performance were ever exploited.

I see it as a throwback to the heroic age of motoring when the road really was open and the rich man in his supercar could rush around without breaking the law. Sadly or fortunately - it depends how one thinks about such matters - those days have gone and will never come back.

Personally, I can't see much point

in continuing to produce fairly high-tech dinosaurs. Is there a case for the continued existence of extremely costly, fuel-swilling (let us say about 15 mpg or 18.8/100 km) super-high-performance sports coupes? Would any Ferrari Testarossa, Aston Martin or Porsche 928 owner out there care to make it?

Not such classic times

Stuart Marshall on a tough ride for speculators

THESE ARE NOT good days for investors in classic cars. The seemingly unstoppable bull run of the last two years has come to a halt. Now, people who bought into the rising market are confronted with a double problem.

Fingers have been burned. Plenty of classic cars that were bought unwisely at high prices have since failed to make the reserve at auction and have been disposed of privately at a

loss.

Now it appears that speculators who jumped on the bandwagon in the hope of making a tax-free killing may have fallen foul of the Inland Revenue. Or so Ray Tranter, tax and personal financial planning manager of chartered accountants Grant Thornton's Birmingham office, believes.

Tranter says a lot of people had assumed profits made from buying and selling classic cars would be outside the scope of

taxation.

The Inland Revenue, however, is arguing that speculating in this way, even if only one car is involved, constitutes "an adventure in the nature of trade."

Any profit from such a deal, the revenue maintains, is liable to income tax.

And there is another problem. Values of historic racing cars have soared of late. Once again, speculators had scented rich pickings but they may

have a shock in store. Prices are falling and tax relief might not readily be available to an investor making a loss. If the loss were made by a long-term art investor on a Monet or Picasso, capital gains tax relief would be due. This was not the case with motor vehicles; relief had to be negotiated.

Tranter points out that the Revenue moves slowly. A number of profit-making investors are still arguing their case for tax exemption. Soon, he forecasts, some loss-making investors could be using the revenue's own argument to show that their vehicle was not exempt and that losses were therefore allowable against tax.

Long-awaited changes line up at Silverstone

John Griffiths previews tomorrow's racing action

SILVERSTONE, the self-proclaimed "home" of the British Grand Prix, will not be the same again after tomorrow's round of the world championship.

An anticipated 140,000 members of a weekly-tolerant British public, particularly those who do not have access to the helicopter flights, culinary delights and private grandstand of the corporate hospitality laager, will be entitled to mutter "about time, too."

Within days of the last car transporter leaving, and the worst of the times being cleared up, the bulldozers will move in. By the start of next season, one of the world's fastest and most challenging circuits for the drivers and - mainly because of the flat Northamptonshire landscape - one of the most uninteresting for spectators, should have been substantially improved.

Several million pounds will be spent over the winter on scooping out a large amphitheatre in the Woodcote area where most of the grandstand seating for 20,000 is concentrated, and the track will be re-routed with several added corners. A similar "valley" will be created with more grandstands, on the other side of the three-mile circuit.

With luck, for most people, the best place from which to view the British GP will then no longer be in front of the television.

Measured by North American standards, however, the deal for spectators at the 1991 Grand Prix will still be a relatively poor one.

The operators of the big US motor racing circuits, such as the Daytona Beach Oval for 200mph stock cars and Indianapolis-type single-seaters, provide not just adequate and usually high standard catering, but also a seat for every spectator as a matter of course.

Three-quarters of tomorrow's British GP goes will have the privilege of bringing their own chairs or standing wherever they can find room around the circuit for their £23 entry fee.

They can pay an extra £12 to transfer to the infield, but that will merely allow them to stand amid a thinner crowd.

John Foden, Silverstone's marketing director, says there is not enough profit to justify wholesale provision of seating; and that, in any case, British spectators aren't very worried about it.

Yet, "seen from over here, we just can't understand how the Brits put up with it," says Chris Pook, the British-born president of Long Beach, the Florida circuit which used to host the US Grand Prix, but which has opted out of what Pook describes as "over-priced

grand prix racing.

Many at Silverstone will be grateful that a restructured management, under the chairmanship of Tom Walkinshaw, former racing driver and Jaguar sports and TWR chairman, has put in long stretches of earth terracing so that this year they can see, not just hear, the action.

And they will forgive almost anything if, in mid-afternoon tomorrow, it is Nigel Mansell who sweeps first past the chequered flag in his blood-red Ferrari. Yet for Britain's best-known grand prix driver, too, this weekend could mark a career turning point.

Once again, the bright early prospects that Mansell would at last capture a world title this season, seem to be slipping away. At the French Grand Prix last week, it was Mansell's team mate, current world champion Alain Prost, who crossed the line first, after Mansell was forced into yet another retirement - this time with engine trouble.

There is no doubting Mansell's awesome driving ability. Mansell "on a charge" from the mid-field has, in the past couple of years, provided one of the most spectacular sights in motor racing, and on those occasions there is no-one to match him for outright speed.

Yet the bald fact is that there has been occasion for too many such "charges," irrespective of whether they have been inspired by sheer head luck, such as a puncture, engine or gearbox problems; or even, on occasions, Mansell himself being too hard on the car.

Mansell, who welcomed the diminutive Frenchman so effectively as his team mate at the start of the year, is now in the iridescent position that it is Prost, not he, who is within three points of the 35 accumulated by the championship leader, Honda McLaren's Ayrton Senna.

Mansell has just 13 points, equal fifth with the fiery young Tyrrell driver, Frenchman Jean Alesi. With the season approaching halfway point, the odds against Mansell overhauling the leaders are starting to uncomfortably shorten.

He is certain to put every ounce of effort into tomorrow's race, and must be favourite to win. In the past five years he has won the British round three times and been second twice and, of great psychological importance, will be cheered on by a crowd as partisan as any in Italy.

If he does win, it could be a decisive factor in him staying on at Ferrari. Another retirement, or a finish behind Prost, could increase his discomfort sufficiently for him to decide to make a clean break, and a

probable move to the Williams team, for 1991. A decision could come as early as next week.

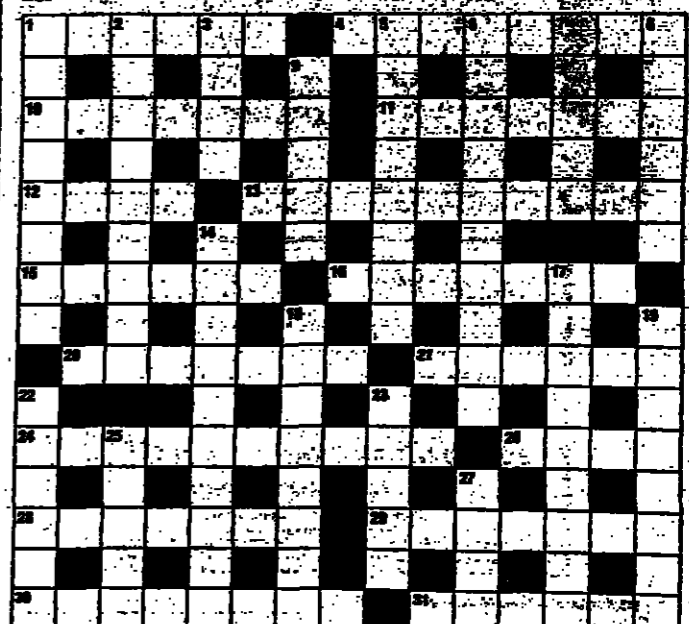
Mansell is undoubtedly aware that next month he will be 37. By racing criteria, he is no spring chicken. He has no wish to share with Stirling Moss the title of world's fastest driver never to have won the world title.



Nigel Mansell: heading for a turning point

CROSSWORD

No. 7285 by HIGHLANDER
Prizes of £10 each for the first five correct solutions. Solutions to be received by Wednesday July 18, 1990. Crossword 7285 on the envelope, to the Financial Times, One Southway Bridge, London SE1 8HL. Solution on Saturday July 28.



- ACROSS**
- The short version of relative theory (6)
 - Large debts after cold spring at the start (6)
 - Be sick inside arena fence (7)
 - It adds gas to a rare amalgam (7)
 - Ground lacking parking area in front creates irritation (4)
 - Teacher has important job, but it's drudgery (5-4)
 - A group making quiet point of view (6)
 - Small briefly at bottom of jumper (7)
 - Ruffle cat by fluid, emphatic movement (7)
 - One who embarks without a skirt (6)
 - Excellent first-time socialist (10)
 - Skilfully conceal Victor's award in tree (4)
 - Manchester United first in Germany with following release... (7)
 - ...there's a new name in front of our entrance (7)
 - Type of flag seen in street and on major arterial road (8)
 - Unable to produce one from the nobility, say (6)
- DOWN**
- Last word in the French uprising (8)
 - Initially ecclesiastical priest is firm friend of archbishop (6)
 - One offer to manufacture in the same place in Rome (4)
 - On board weight for fish food (6)
 - Personifying with unconventional behaviour (8-2)
 - Alfredo, bottomless. Top's there! (5)
 - Blow causes stark to change direction (6)
 - Silver-blue and shining (5)
 - Piper's son taxed about being familiar (10)
 - Objective constantly expressed in effort (6)
 - New court: divided about recent challenge (6)
 - Vessel is shipshape one and looked after (8)
 - Little monkeys take up temporary quarters on board (6)
 - What bird is grey? (5)
 - Verbally play up to the beast (5)
 - Decline a series of stories (4)
- Solution to Puzzle No. 7277

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INDIA IN FOCUS

Where rails melt and tigers roam

Daniel Green learns about sex, bribery and cricket as he travels from the mountains to the sea along the railways of India

"RAUGH!" yells the hitherto placid young man sitting by the window. The sneeze lifts him off his seat as if he were an astral hopper, although he is actually a trainee company secretary.

The fat bald businessman opposite him says: "You must go to Rajmudi." "Ughgh!" belches another trainee company secretary, unimpressed by this advice to visit central India's medieval temple famous for its carvings of copulating gymnasts.

The businessman grins, open-mouthed like a laughing Buddha. He settles into a lotus position, his beechball stomach resting on his loins. His forehead shines with sweat. He looks left and right, surveying a small audience of fellow travellers. He takes a deep breath and announces: "The greatest wish of God is sex."

Only two hours into Indian Railways' 61,965-kilometre network and already there is no escape. India matches at me and roughly pulls my gaze toward it. Carriage Eleven, the Rajdhani Express en route from New Delhi to Bombay, 17 hours, air conditioning and a pantry car. In the next 98 hours, on a dozen trains, I will have thrust upon me dignity and indignity, the soiled and the clean, the compelling and the repulsive.

Now, I am separated from the granulated countryside of Uttar Pradesh by two sheets of hermetically sealed tinted glass and 20 degrees C. An astringent layer of India's middle class mercifully, if temporarily, obscures the nation's rural poverty. Next to me, Buddha and the trainee company secretaries debate the late Bhagwan Rajmudi (he of the 85 Rolls-Royces) while the weatherbeaten railway engineer opposite scribbles notes on a huge sheet of paper.

The engineer has sent out a squadron of mechanics to run tests on one of India Railways' grandest locos, now hauling us southward. Barely noticed a small hunched man in a boiler suit scuttles into the carriage, up to the engineer and whispers in his ear. The engineer pulls his half-moon spectacles aside and silences the bickerers with a wave of his hand. "Train delayed," he says.

"Track melted." The last of our number is a young Tamil accountant with a face of polished copper. The sag of his mouth, eyelids and moustache had anticipated bad news but would droop no further. He lifts his eyes and tells his head to one side. "Sabbe," acknowledges the engineer. "Naphtha train blown up ahead. Ten-hour delay." The Tamil empties a sachet of pepper into his tea and stares out of the window. The sun, with all colour drained from it by the hot-season dust, falls quickly towards the horizon. Buddha snores all night, drowning out the guttural exclamations of the trainee com-



Beyond the Ghat mountains, Kerala fishermen harvest pomfret and crab from their lagoons

pany secretaries. It is not the noise that keeps me awake, or the bulging bunk above me. It is sympathy for the unfortunate women upon whom he chooses to inflict his religious beliefs.

At six, the sun rises from a ocean of blood. The Rajdhani Express pounds down the Arabian Sea coast, past former French and Dutch colonies and on to the island of Bombay. The brown semi-desert has become the greenery of a rain-washed coastal strip. Northern India is becoming southern India.

In Bombay, I am unable to resist staying at the Chateau Windsor guesthouse. On the door at street level an old man in an old uniform salutes me raggedly. The hotel elevator has a notice: "Servants may not use the lift unless accompanied by children." My room

is at the top of a peeling seven-storey colonial terrace. The ceiling fan has two speeds.

A few yards away, the lights of Marine Drive curve around the bay, past Chowpatty Beach to Malabar Hill, where the rich exact apartment blocks towards cleaner, cooler air. In the other direction is Churchgate station, through whose doors pass more than 1m souls a day.

Five minutes further is Victoria station, which serves southern India. It has an air-conditioned booking hall whose guards bar anyone who looks as though they could not afford a long-distance ticket. The deformed wait in the

to Mysore, a mere 26 hours further south.

I am the only client for the free guided tour of the baroque majesty of the Maharajah's palace at Mysore. Soon, however, a large middle-aged American joins me, golly-gushing the marble inlay work and cast iron columns (the latter made in Glasgow). In fact, the whole place was designed by an Englishman at the turn of the century for the docile Maharajah. His son opened the palace to tourists to pay for its upkeep.

The American is interested in other things. "Whurr urr yow stying?" she draws, wav-

"Are you of any... religious persuasion?"

"There's a guru there," she simper, extending the "u" sounds. "He's more than a guru, actually, he's an avatar." "California?" I ask, eyeing her suspiciously.

"Monterey," she beams. "I'm here for three weeks to learn at his feet." She strides towards me until her bulk fills my field of view. A gush of peace and love washes over me until the noisy arrival of four adolescent Indians stems the spate. They are local waits on a tour of Mysore and the Californian is paying their expenses. She attempts to speak a few words of Hindi to them, not realising that their language is Kannada. In the confusion I make my escape.

As I leave the palace I am, as usual, descended upon by a band of trinket salesmen. "Now listen guys," I say. "In a couple of minutes there'll be a fat blonde American and she's got lots of money." The hawkers thank me. I do not wait for her to appear.

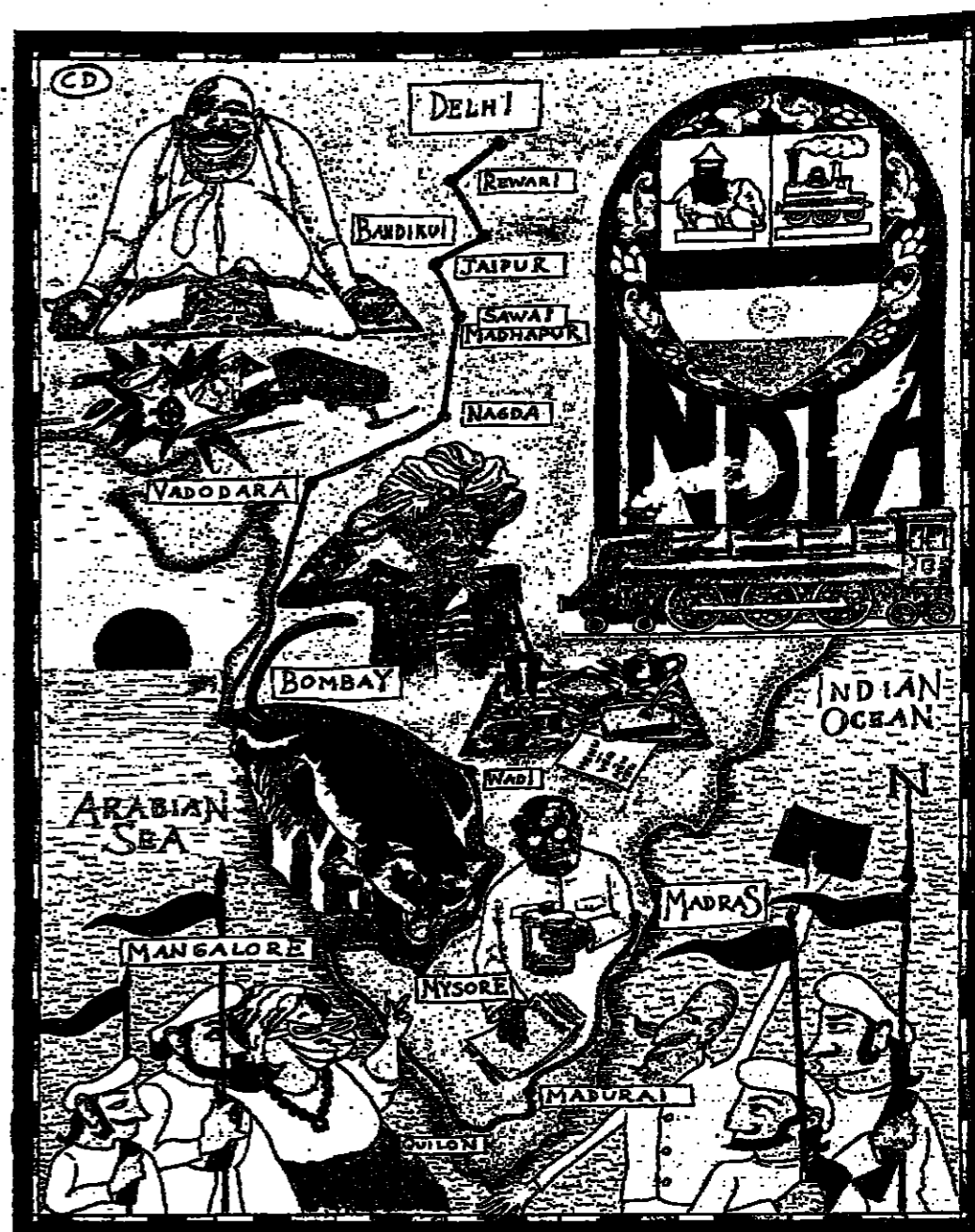
Wealthier Indians like a little ersatz colonialism. Even the Indian-English language seems frozen in the 19th century. A story in a newspaper reads:

"Police yesterday nabbed four persons who broke into a house and despoiled with cash and jewellery on Wednesday." Street notices proclaim an "exhibition-cum-sale" in a local hall. There is even a town called Farrukhabad-cum-Fategarh, no doubt the Choribon-cum-Hardy of India. Ask directions in the street and you may well be told how many fur-longs you have to go.

Whisk the class drink and the country is awash with the spirit sold under names like Bagpiper and MacDowell. They are all locally made, however, and widely disdained. Although bribery is not my forte, I have a half bottle of Scotch in my pack. It is the real thing and thus a serious gift in India.

The trip from Mysore to Mangalore looks irresistible on the map. A new line has been built to 4,000ft across the thickly forested Ghat mountains to the cashew-exporting capital of the world, Mangalore, on India's west coast.

On the four-hour steam train journey between Mysore and Hassan, where there is a four-hour wait for the connection, I fall in with a railway auditor.



His sorry lot is to travel the wooden benches of local trains to isolated stations and plough through their triplicated paperwork. He seems, in common with many other Indians, to prefer an intellectual conversation with an Englishman to his work.

We chug through the rice paddies of south Karnataka state in a drizzle of black dust from the mobile coal-fired power station up front. In Hassan, he insists on buying me lunch and to regale me with the glories of the mountain rail route to Mangalore. He speaks of the bridges and tunnels, of the landscaped garden at the station at the top, of the lions, tigers and snakes in the surrounding hill-country (although there are no longer lions outside north-west India) and of a lifetime with the

Railways. So I dig out the Scotch from the bottom of my pack and press it upon him. He accepts my offering modestly and leads me by the hand to the front of the train. Minutes later, piled with sweet tea from the engine driver's Thermos and standing on the footplate, I ascend by single track into the rainforest.

Leaning against the non-veg auxiliary tea stall at Madurai station, I watch a huge-jawed Australian heave himself into an overcrowded second class carriage. There is little to recommend the hardship of hard seats. You meet plenty of real Indians whichever class you travel, and those in the upper classes speak better English. Moreover, as Indian Railways points out, if you travel second class you can't see the mountains.

local of the only seat he can afford.

On the last leg of my journey, from the temple town of Madurai to Madras on the Bay of Bengal, an elderly and excitable telecommunications manager recites the names of English cricketing heroes to me. "I have been following county cricket since 1940," he pants. When he runs out of names he switches to European countries but keeps repeating "Lafin" and "Bulgaria" while his arms flail about as if exploring a braille atlas. His colleagues look impressed.

At Madras he accompanies me, stooping slightly as he walks, to the auto-rickshaw rank to make sure I am not overcharged. He waves goodbye as I talk-talk into the morning post-bag.

The spice of life in Kerala

A DARK MAN entered the synagogue in Cochin. He walked to the ark, crossed himself, put an aluminium coin into the collection box and sighed. Looking around, he saw me - a perspiring European sitting on a banquet - and said: "You look like a Christian, sir."

It made a change. The simple "what religion are you?" is a more popular opening gambit.

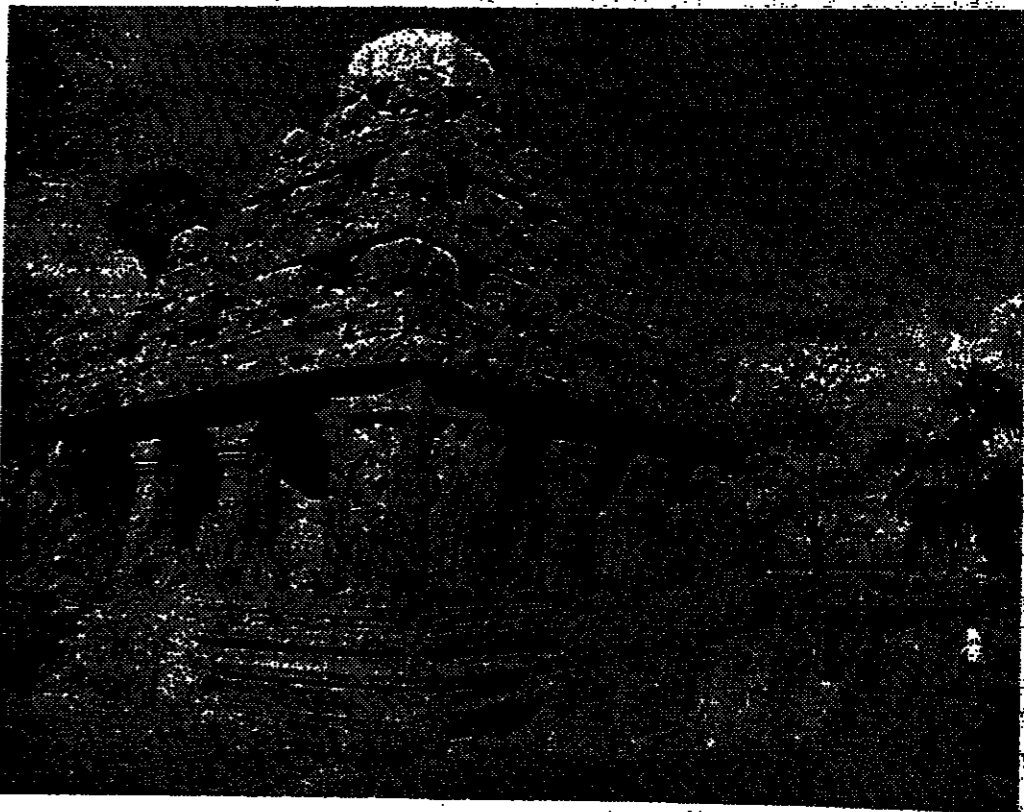
It is a sensible question in Kerala, a south Indian state where Protestant and Catholic churches, a mosque and a Hindu temple are within a few minutes' walk of the synagogue.

That morning, a Sunday, I breakfasted to the sound of mass drifting across the isthmus that links Cochin's natural harbour with the Arabian Sea. On the far bank, a coconut grove hid all but a few shards of reflected light from the whitewashed walls of a church.

Just up the coast is a colony of Syrian Christians, said to have arrived in 52 AD and claiming to be more genuinely Christian than the Pope. Some Jews arrived around the same time (also escaping from the Romans), although they may have arrived five centuries earlier (escaping from the Babylonians), or seven centuries later (escaping from the Christians).

Hindus and Muslims are there, of course, but most just passed through. Buddhists, Arabs, Chinese, Romans, Portuguese, French, British and Dutch have all left their mark. They did not come for the coconuts. Kerala is also known as the Malabar coast or the Spice Coast. The western Ghats divide it from the rest of India and the 350-mile coastline provided easy shelter for the world's mariners. For millennia, Kerala has exported pepper, cardamom and cashew nuts. Keralans are rich, by Indian standards. Their houses are made of stone and their roofs are tiled.

A few decades BC the Romans discovered the secret of the seasonal monsoon winds, and then known only to Arab traders. They built the port of Muziris to supply the empire with spices. Centuries later, when the Goths laid siege to Rome, part of the ransom was several thousand pounds of pepper. Muziris is now an inland town called Cranganore. Geological changes have made Cochin, 18 miles south, the region's port.



Seashore temples of the south east were carved in the seventh century from single boulders

Under today's fat red dawn, Cochin's landlubber fishermen haul down the huge levers of their Chinese fishing nets. They never go to sea, for the square nets are attached to a simple frame at one end of a teak tree trunk. To catch fish, the net is repeatedly dropped into and prised out of the water. They ask tourists for tapes of heavy metal music.

Kerala is rightly famous for its lagoons and beaches, but Kerala culture is almost invisible. The local museum is full of the artefacts with which foreigners paid for their spices. They include mugs stamped with the crest of the East India Company, Chinese rice bowls and continental furniture and musical instruments.

Keralans did not trouble themselves to make much. But what would you do if cash crops fell at your feet? In the Cochin Cultural Centre, they dance. They put on fancy dress and make-up which takes two hours, and then perform Kathakali dance theatre for up to eight more. Each show is a story consisting of thousands of identifiable movements, each with a specific meaning. Now there's a society with

time on its hands. The invaders eventually came. Until the 18th century, and first contacts with Moslem rule from the north, Kerala women were naked from the waist up. This primitive behaviour shocked the ruler of Mysore, Tipu Sultan, who reigned on the other side of the Ghats. His efforts to civilise Keralans still embarrass the Indian Government this year a television series on Tipu - who is a folk hero for having died fighting the colonial British in 1799 - was cut because it was explicit on Tipu's domination of Kerala.

Keralans do not hold this episode against the Moslems. They seem to hold very little against anyone and there is no sign of the sectarian strife that plagues some north Indian cities. Their laid-backness can cause problems for the untutored. The local ferry that took me through the lagoons to Cochin crashed into a jetty and knocked a large lump of concrete into the water. A small crowd gathered to examine the crushed timbers of the prow, and the boat eventually limped onwards.

The relaxed atmosphere is

infectious and I was quite unfazed by the boat accident. I was used to it, after an auto-rickshaw ran into the back of my taxi in New Delhi, and a diversion on my first train journey because of an explosion a few days to begin to grasp the entertainment potential of really determined passivity.

Scene: Western (four correspondents) arrives in Ennakulam, a busy town on the mainland opposite the Fort Cochin peninsula. He has just spent eight hours on an accident-prone ferry and two in a bus. He enters the lobby of the mid-priced Woodlands Hotel.

Westerner: Do you have any air-conditioned rooms? Hotel manager: No problem. W: Single? H: No problem. W: Can I see the room? H: We have two. [H shows W first room, which has no A/C.] W: Where's the A/C? H: No A/C. W: But you said you had an A/C single room. H: We do, but they're full up. [Silence. Fade.]

Daniel Green

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REGD. MDC 3

There are alternatives to trekking the Himalayas' more spectacular heights, as David Housego discovered

By late afternoon we reached an old hunting lodge, now a tourist bungalow, with views across the forest and the riv-



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Arventures).

The 'hippy trail' resort of Goa is filling with middle-aged Westerners, writes Christian Tyler

But if nowhere else, God's charm and vitality lives on in the villages. Across the river Mandovi (ferry only), past the sprawl of villas and out into the country, I was stopped by another roadblock. This time it was a gang of about 20 boys. Their faces were daubed with red ochre and one of them was banging a big drum. They, too, demanded money. Why? The reason had them falling about with laughter. Today was the Hindu feast of someone or other. I paid over my tittle of a few rupees, had my forehead smeared with red, and roared off, my faith in human nature restored.

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